DRAFT ANNUAL BUDGET OF

NKANGALA DISTRICT MUNICIPALITY

(DC31)

2014/15 TO 2016/17

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- At the Records section in the District municipal building
- At the head public libraries at local municipalities within the District
- At www.nkangaladm.gov.za

Table of Contents

List of Tables

List of Figures

Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NDM	Nkangala District Municipality
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

It gives me immense pleasure to once again report to our stakeholders that the partnership between Nkangala District Municipality and our local municipalities has once again proved successful in assisting the district to plan it's responses to the developmental aspirations of the people for this financial year.

We have steadfastly continued with the trend of consulting on the IDP because be believe that, as the sphere of government that is closest to the people, we carry a pronounced obligation to respond directly and positively to needs of our communities.

We have to frequently reposition on development and service delivery programmes and objectives to ensure that they address the revised needs of our stakeholders and communities and shifting socio-economic dynamics.

Our IDP as well as the budget is thus a direct result of yet another extensive consultation process. They are an expression of the general and specific interest of our people, and a mirror that reflects the Nkangala electorate, as expressed during our consultation and public participation processes.

Armed with the Key Performance beacons contained in our IDP document, Nkangala District Municipality is once more embarking on a development path that is meant to address the needs of our people, to create better lives for all and transform Nkangala District into the kind of home that they aspire for.

Although much still needs to be done to deal with the increasingly obstinate triple challenges of poverty, inequality and unemployment, to create an environment that is conducive for growth, I am confident that this budget will provide us with the necessary vehicle to carry out the mandate we have received from our people.

1.2 Council Resolutions: DM272/03/2014

On 26 March 2014 the Council of Nkangala District Municipality met in the Council Chambers of Nkangala District Municipality to consider the draft annual budget of the municipality for the financial year 2014/15. The Council notes the following resolutions:

1. The Council of Nkangala District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003)notes:

   1.1. The draft annual budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:
      1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 10 on page 13;
      1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 11 on page 15;
      1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 12 on page 17; and
      1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 15 on page 22.

   1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are noted as set out in the following tables:
      1.2.1. Budgeted Financial Position as contained in Table 16 on page 24;
      1.2.2. Budgeted Cash Flows as contained in Table 17 on page 26;
      1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 18 on page 27;
      1.2.4. Asset management as contained in Table 20 on page 29; and
      1.2.5. Basic service delivery measurement as contained in Table 23 on page 38.

   1.3. The project priority list as submitted by local municipalities in table 6 page 9 was confirmed.
   1.4. The organogram attached on pages 84 to 96 with new positions aimed at strengthening the organisations' performance to ensure that the priorities set out in the IDP and matters raised by the Auditor General, be noted
   1.5. The Budget timetable for 2015/2016 attached as figure 9 page 97 was noted.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the District's financial plan is essential and critical to ensure that the District remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The District's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on operational administrative expenditure.

The District has done a service deliver audit of the past five years. Furthermore, the District has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 55, 58, 70 and 72 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
  - Special Projects;
  - Consultant Fees;
  - Furniture and office equipment;
  - Special Events;
  - Refreshments and entertainment;
  - Ad-hoc travelling; and
  - Subsistence, Travelling & Conference fees (national & international).

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2014/15 MTREF

Description	Adjustment Budget year 2013/14 Millions	Budget year 2014/15 Millions	Budget year 2015/16 Millions	Budget year 2016/17 Millions
Total Operating Revenue	335,642	344,131	348,337	357.155
Total Operating Expenditure	599,667	410,322	342,429	353,988
Surplus/ (Deficit) for the year	(264,025)	(66,191)	5,907	3,167
Total Capital Expenditure	43,234	21,665	24,411	1,780
Total Loan Redemption	4,874	5,890	6,259	6,680

Total operating revenue has grown by 2.5 per cent or R8,488 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 1.2 and 2.5 per cent respectively, equating to a total revenue growth of R21,513 million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2014/15 financial year has been appropriated at R410,322 million and translates into a budgeted deficit of R264,025 million, which will be funded from the accumulated operating surpluses. When compared to the 2013/14 Adjustments Budget, operational expenditure has decreased by 31.58 per cent in the 2014/15 budget and decreased by 16.55 for the 2015/16 budget and 3.37 per cent for the 2016/17 budget year of the MTREF.

The capital budget of R21,665 million for 2014/15 decreased with 50.0 per cent compared to the 2013/14 Adjustment Budget. The capital programme increases to R24,411 million in the 2015/16 financial year and decreased to R1,780 in 2016/17. The capital budget will be funded from internally generated funds and accumulated surplus.

1.4 Operating Revenue Framework

For Nkangala District Municipality to continue improving the quality of services provided to its citizens and local municipalities it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the District and continued economic development;
- Efficient revenue management,;

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Out-come	Audited Out-come	Audited Out-come	Ori-ginal Budget	Adjus-ted Budget	Full Year Fore-cast	Pre-audit out-come	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance										
Investment revenue	31 136	30 257	29 656	18 060	18 560	18 560	–	17 435	15 757	16 781
Transfers recognised - operational	284 772	294 912	303 175	313 592	314 652	314 652	–	324 678	330 498	338 157
Other own revenue	6 225	4 985	4 719	1 971	2 430	2 430	–	2 018	2 082	2 217
Total Revenue (excluding capital transfers and contributions)	322 133	330 153	337 550	333 623	335 642	335 642	–	344 131	348 337	357 155

Table 3 Percentage growth in revenue by main revenue source

Revenue	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework					
R thousands	Adjusted Budget	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
Investment revenue	18 560	17 435	(6.06)	15 757	(9.63)	16 781	6.5
Transfers recognised – operational	314 652	324 678	3.19	330 498	1.79	338 157	2.3
Other own revenue	2 430	2 018	(16.98)	2 082	3.20	2 217	6.5
Total Revenue (excluding capital transfers and contributions)	335 642	344 131	2.5	348 337	1.27	357 155	2.5

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Operating Grants form a significant percentage of the revenue basket for the District. In the 2014/15 financial year, the operating grants total R324,678 million and constitute 94,37 per cent. This increases to R330,498 million and R338,157 million in the respective financial years of the MTREF. The main portion of the operating grants is the RSC Levy Replacement grant, which can be classified as own revenue as well because it replaced the RSC Levies that were abolished in 2006.

Table 4 Operating Transfers and Grant Receipts

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RSC Levy Replacement Grant	16 858	19 468	19 030	19 749	19 749	19 749	20 649	21 118	19 940
Finance Management Grant	265 446	272 506	280 681	289 101	289 101	289 101	297 774	305 153	313 758
Local Government Equitable Share	1 000	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 300
Municipal Systems Improvement	750	1 000	1 000	890	890	890	934	967	1 018
Rural Roads Asset Management Grant	596		1 214	1 000	1 000	1 000	2 121	–	
Other Transfers and Grants	121	688			1 000	1 000			
Total Grant Revenue (excluding capital transfers and contributions)	284 772	294 912	303 175	313 592	314 592	314 592	324 678	330 498	338 157

Investment revenue is the second largest revenue source totalling 5.07 per cent or R17,435 million and increases to R16,781 million by 2016/17. The third largest source is ‘other revenue’ which consists of various items such as income received from discounts, sale of tender documents and sundry income.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, petrol, diesel, chemicals, cement etc. The current challenge facing the District is managing the gap between cost drivers and revenue income, as any shortfall must be made up by either operational efficiency gains or service level reductions.

1.5 Operating Expenditure Framework

The District’s expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The roads renewal strategy and the repairs and maintenance plan for Thembisile Hani Local Municipality Roads;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The contribution to local municipalities is aligned to the asset IDP and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the contribution to local municipalities and other core services; and
- Project lists submitted by local municipalities.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

Table 5 Summary of operating expenditure by standard classification item

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
Expenditure by Type R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Pre-audit out-come	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Employee costs	35 556	38 325	59 753	121 101	102 184	102 184	117 010	118 411	125 989
Remuneration of councillors	8 589	10 255	10 885	14 579	11 675	11 675	16 826	17 893	19 027
Depreciation & asset impairment	6 619	7 347	8 220	6 861	10 167	10 167	9 409	12 125	15 621
Finance charges	6 632	6 032	5 295	5 778	5 778	5 778	4 160	3 430	2 640
Materials and bulk purchases	151	202	245	709	895	895	804	720	652
Transfers and grants	175 775	248 857	227 544	440 492	319 829	319 829	169 966	110 881	104 894
Other expenditure	15 903	25 019	55 659	143 950	149 139	149 139	92 147	78 970	85 165
Total Expenditure	249 225	336 037	367 602	733 471	599 667	599 667	410 322	342 429	353 988

The budgeted allocation for employee related costs for the 2014/15 financial year totals R117,010 million, which equals 28.52 including roll over and 34.44 per cent excluding roll overs of the total operating expenditure. Based on circulars 70 & 72, salary increases have been factored into this budget at a percentage increase of 6.79 per cent for the 2014/15 financial year. An annual increase of 6.4 per cent has been included in the two outer years of the MTREF.

Provision has been made in the budget to include positions in the organogram to ensure that the priorities set out in the IDP and matters raised by the Auditor General are adequately attended to. These positions aim to strengthen accelerate Budget expenditure.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the District's budget and allowed for a CPI inflation rate increase of 6.2 percent.

The provision of debt impairment was determined based on an annual collection rate of 99 per cent and the Credit Control and Debt Collection Policy of the District. For the 2014/15 financial year this amount is immaterial. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R9,409 million for the 2014/15 financial and equates to 2.29 per cent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.01 per cent (R4,160 million) of operating expenditure excluding annual redemption for 2014/15 and increases to R6,130 million by 2016/17.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the District's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the District's infrastructure. For 2014/15 the appropriation against this group of expenditure has grown to R804 thousand and constitutes 0.20% of total operating expenditure.

In the 2014/15 financial year, Contracted services expenditure totals R15,015 million and has escalated by just 39.52 per cent. This expenditure increases to R14,664 million in 2016/17.

Other expenditure comprises of various line items relating to the daily operations of the municipality. Other expenditure decreased with 38.22 per cent for 2014/15 and decrease at 14.3 and decreased at 7.8 per cent for the two outer years. Further details relating to contracted services can be seen in table 49 MBRR SA1 (see page 76)

The following graphical presentation gives a breakdown of the main expenditure categories for the 2014/15 financial year.

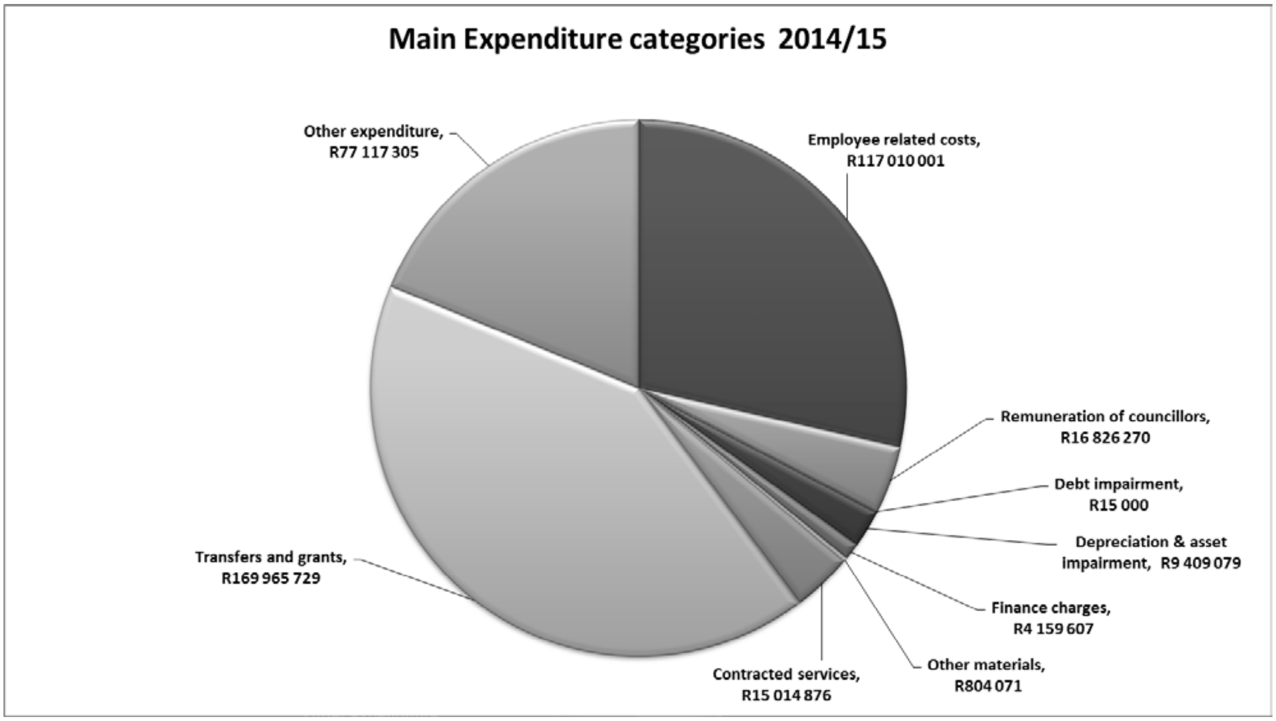


Figure 1 Main operational expenditure categories for the 2014/15 financial year

1.5.1 Priority given to Contribution to Local Municipalities

The prioritised projects submitted by Local Municipalities as contained in the approved 2014/2015 IDP of the District on page 233 to 251 to improve service delivery and eradicate backlogs was the main focus for this expenditure category.

The following table gives a breakdown of the main expenditure categories per Local Municipality for the 2014/15 financial year.

Table 6 Breakdown of the main expenditure categories per Local Municipality

LOCAL MUNICIPALITY	WATER	SEWER	ROADS & STORMWATER	URBAN DEVELOPMENT	ELECTRICITY	OTHER	TOTAL
DR JS MOROKA	4 000 000	-	16 501 000	-	2 326 728	12 875 014	35 702 742
EMAKHAZENI	5 982 625	-	3 000 000	762 000	2 048 000	4 488 881	16 281 506
EMALAHLENI	1 096 000	-	3 500 000	-	6 600 000	5 564 264	16 760 264
STEVE TSHWETE	11 000 000	9 030 002	8 300 000	1 528 340	-	1 050 000	30 908 342
THEMBISILE HANI	4 192 000	-	8 930 000	1 000 000	-	2 062 000	16 184 000
VICTOR KHANYE	-	5 000 000	-	-	-	5 697 486	10 697 486
GENERAL	1 000 000	-	-	-	-	42 431 388	43 431 388
	27 270 625	**14 030 002**	**40 231 000**	**3 290 340**	**10 974 728**	**74 169 034**	**169 965 729**

1.5.2 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the District's current infrastructure, which amongst others include the main office building of the District, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed

by the repairs and maintenance plan of the District. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering that the only cost driver for the District is contracted services, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 7 Operational repairs and maintenance

The table below provides a breakdown of the repairs and maintenance:

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Depreciation & asset impairment	6 619	7 557	7 557	6 511	7 875	7 875	6 861	7 233	6 786
Repairs and Maintenance	1 608	2 335	2 335	4 244	6 379	6 379	4 967	5 005	5 255

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 8 2014/15 Medium-term capital budget per asset class

Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework					
Adjusted Budget	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
iditure on new assets by Asset Class/Sub-class						
0	0	0	0	0	0	0
0	0	0	0	0	0	0
2,547	2,124	-17	295	-86	0	0
2,547	2,124	-16.61	295	-86.11	0	-100
40,687	19,541	-52	24,116	0	1,780	-94
224	300	33.93	145	-51.67	125	-13.79
850	758	-10.82	795	4.88	84	-89.43
1,167	1,133	-2.91	705	-37.78	246	-65.11
28,372	11,000	-61.23	15,000	36.36	0	-100
3,969	2,050	-48.35	1,270	-38.05	1,325	4.33
6,105	4,300	-29.57	6,200	44.19	0	-100
43,234	21,665	-50	24,411	-1	1,780	-93

For 2014/15 an amount of R11,000 million has been appropriated for the development of Infrastructure in terms of the fire stations at Dr JS Moroka which represents 40.40 per cent of the total capital budget.

Total new assets represent R21,665 million of the total budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 20 MBRR A9 (Asset Management) on page 28. In addition to the MBRR Table A9, MBRR Tables SA34a and SA34c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 94 and 95). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- The fire station at Dr JS Moroka – R11,000 million;
- Fire fighting and security and emergency equipment – R4,300 million;

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 48 MBRR SA35 on page 96. This table shows that future operational costs associated with the capital programme totals R33,802 million in 2014/15 and escalates to R21,204 million by 2015/16. This concomitant operational expenditure is expected to escalate to R21,847 million by 2016/17. It needs to be noted that as part of the 2014/15 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 9 MBRR Table A1 - Budget Summary

DC31 Nkangala - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1	Budget Year +2
Financial Performance										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	–	–	–	–	–	–	–	–	–	–
Investment revenue	31,136	30,257	29,656	18,060	18,560	18,560	–	17,435	15,757	16,781
Transfers recognised - operational	284,772	294,912	303,175	313,592	314,652	314,652	–	324,678	330,498	338,157
Other own revenue	6,225	4,985	4,719	1,971	2,430	2,430	–	2,018	2,082	2,217
Total Revenue (excluding capital transfers and contributions)	322,133	330,153	337,550	333,623	335,642	335,642	–	344,131	348,337	357,155
Employee costs	35,556	38,325	59,753	121,101	102,184	102,184	–	117,010	118,411	125,989
Remuneration of councillors	8,589	10,255	10,885	14,579	11,675	11,675	–	16,826	17,893	19,027
Depreciation & asset impairment	6,619	7,347	8,220	6,861	10,167	10,167	–	9,409	12,125	15,621
Finance charges	6,632	6,032	5,295	5,778	5,778	5,778	–	4,160	3,430	2,640
Materials and bulk purchases	151	202	245	709	895	895	–	804	720	652
Transfers and grants	175,775	248,857	227,544	440,492	319,829	319,829	–	169,966	110,881	104,894
Other expenditure	15,903	25,019	55,659	143,950	149,139	149,139	–	92,147	78,970	85,165
Total Expenditure	249,225	336,037	367,602	733,471	599,667	599,667	–	410,322	342,429	353,988
Surplus/(Deficit)	72,908	(5,885)	(30,052)	(399,847)	(264,025)	(264,025)	–	(66,191)	5,907	3,167
Transfers recognised - capital	–	–	–	–	–	–	–	–	–	–
Contributions recognised - capital & contributed a	–	–	6	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	72,908	(5,885)	(30,046)	(399,847)	(264,025)	(264,025)	–	(66,191)	5,907	3,167
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	72,908	(5,885)	(30,046)	(399,847)	(264,025)	(264,025)	–	(66,191)	5,907	3,167
Capital expenditure & funds sources										
Capital expenditure	5,917	12,772	10,023	56,338	43,234	43,234	–	21,665	24,411	1,780
Transfers recognised - capital	–	–	–	–	–	–	–	–	–	–
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	5,917	12,772	10,023	56,338	43,234	43,234	–	21,665	24,411	1,780
Total sources of capital funds	5,917	12,772	10,023	56,338	43,234	43,234	–	21,665	24,411	1,780
Financial position										
Total current assets	724,459	701,505	675,108	371,168	361,426	361,426	–	223,255	176,492	163,585
Total non current assets	121,796	129,530	123,564	143,768	158,467	158,467	–	170,723	150,087	136,246
Total current liabilities	71,355	64,417	65,792	46,295	57,320	57,320	–	42,836	27,188	31,766
Total non current liabilities	52,473	47,351	43,659	42,011	42,011	42,011	–	36,702	30,463	23,283
Community wealth/Equity	722,427	719,267	689,221	426,630	420,562	420,562	–	314,440	268,929	244,782
Cash flows										
Net cash from (used) operating	67,461	(1,613)	24,034	(392,967)	(213,415)	(213,415)	–	(56,767)	18,048	18,805
Net cash from (used) investing	(40,051)	(11,263)	212	(50,405)	(41,397)	(41,397)	–	(21,665)	(24,411)	(1,780)
Net cash from (used) financing	(5,651)	(5,227)	(6,242)	(4,874)	(4,874)	(4,874)	–	(5,890)	(6,259)	(6,680)
Cash/cash equivalents at the year end	466,152	448,048	466,052	67,425	206,365	206,365	466,052	122,043	109,422	119,767
Cash backing/surplus reconciliation										
Cash and investments available	501,616	486,903	497,138	100,347	239,287	239,287	–	173,116	146,031	149,324
Application of cash and investments	47,406	(54,263)	(91,782)	21,345	30,222	30,222	–	27,246	26,341	32,538
Balance - surplus (shortfall)	454,210	541,166	588,919	79,002	209,065	209,065	–	145,869	119,690	116,785
Asset management										
Asset register summary (WDV)	86,332	90,675	92,478	128,860	123,279	–	–	–	–	–
Depreciation & asset impairment	6,619	7,347	8,220	6,861	10,167	10,167	9,409	9,409	12,125	15,621
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	2,335	2,087	4,169	8,572	8,575	8,575	11,491	11,491	9,376	10,111

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the District's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
    a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was paying much attention to managing this aspect of its finances, and consequently all of its obligations are cash-backed. This places the municipality in a very positive financial position. Cash-backed surplus will decreased to R10,111 million in 2016/17, which is an indication that the NDM operational expenditure needs to be carefully scrutinized and either administrative operational expenditure or contributions to Local Municipalities needs to be decreased.

Table 10 Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC31 Nkangala - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard										
Governance and administration		321,383	329,153	336,556	332,733	334,752	334,752	343,197	347,370	356,137
Executive and council		–	1	–	–	1	1	–	–	–
Budget and treasury office		321,383	329,152	336,556	332,733	334,751	334,751	343,197	347,370	356,137
Corporate services		–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–
Community and social services		–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		750	1,000	1,000	890	890	890	934	967	1,018
Planning and development		750	1,000	1,000	890	890	890	934	967	1,018
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		–	–	–	–	–	–	–	–	–
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	322,133	330,153	337,556	333,623	335,642	335,642	344,131	348,337	357,155
Expenditure - Standard										
Governance and administration		54,036	58,059	78,405	162,829	138,563	138,563	136,810	131,014	140,477
Executive and council		25,297	29,421	40,226	73,731	70,250	70,250	65,469	73,510	80,210
Budget and treasury office		13,592	12,832	16,565	37,398	30,672	30,672	34,872	26,218	26,894
Corporate services		15,147	15,805	21,614	51,700	37,641	37,641	36,469	31,286	33,374
Community and public safety		17,407	22,350	23,196	47,138	52,703	52,703	52,020	50,476	53,573
Community and social services		4,974	5,911	8,660	13,639	13,842	13,842	19,481	20,275	21,599
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		12,433	16,439	14,537	33,499	38,860	38,860	32,539	30,201	31,974
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		177,346	255,496	265,999	507,993	398,147	398,147	204,825	156,245	153,008
Planning and development		175,488	243,455	234,247	446,677	331,868	331,868	176,271	129,452	123,300
Road transport		710	10,804	31,753	33,574	52,339	52,339	5,183	4,379	5,237
Environmental protection		1,148	1,237	–	27,741	13,941	13,941	23,371	22,414	24,472
Trading services		–	–	–	–	–	–	–	–	–
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
Other	4	436	133	1	15,511	10,254	10,254	16,667	4,695	6,929
Total Expenditure - Standard	3	249,225	336,037	367,602	733,471	599,667	599,667	410,322	342,429	353,988
Surplus/(Deficit) for the year		72,908	(5,885)	(30,046)	(399,847)	(264,025)	(264,025)	(66,191)	5,907	3,167

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC31 Nkangala - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		–	1	–	–	1	1	–	–	–
Vote 2 - ADMINISTRATION		–	–	–	–	–	–	–	–	–
Vote 3 - FINANCE - BUDGET & TREASURY OFFICE		321,383	329,152	336,556	332,733	334,751	334,751	343,197	347,370	356,137
Vote 4 - COMMUNITY & SOCIAL SERVICES		–	–	–	–	–	–	–	–	–
Vote 5 - Technical Services and PMU		–	–	–	–	–	–	–	–	–
Vote 6 - DPU AND IDP		750	1,000	1,000	890	890	890	934	967	1,018
Vote 7 - PLANNING & DEVELOPMENT CONTRIBUT		–	–	–	–	–	–	–	–	–
Vote 8 - LED AGENCY		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	322,133	330,153	337,556	333,623	335,642	335,642	344,131	348,337	357,155
Expenditure by Vote *to be appropriated*	1									
Vote 1 - EXECUTIVE & COUNCIL		30,482	31,892	69,248	177,887	137,785	137,785	132,724	135,506	145,431
Vote 2 - ADMINISTRATION		8,601	12,112	16,642	30,816	26,695	26,695	27,064	26,684	28,453
Vote 3 - FINANCE - BUDGET & TREASURY OFFICE		14,953	14,055	16,565	39,815	33,067	33,067	37,475	28,923	29,783
Vote 4 - COMMUNITY & SOCIAL SERVICES		18,239	23,587	23,662	72,190	65,434	65,434	74,177	71,170	76,430
Vote 5 - Technical Services and PMU		11,302	23,374	34,813	35,686	63,417	63,417	2,771	(879)	(348)
Vote 6 - DPU AND IDP		1,362	(1,862)	6,104	42,317	23,882	23,882	28,494	18,855	20,626
Vote 7 - PLANNING & DEVELOPMENT CONTRIBUT		157,899	228,034	200,567	334,760	249,387	249,387	107,617	62,171	53,612
Vote 8 - LED AGENCY		6,387	4,844	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	249,225	336,037	367,602	733,471	599,667	599,667	410,322	342,429	353,988
Surplus/(Deficit) for the year	2	72,908	(5,885)	(30,046)	(399,847)	(264,025)	(264,025)	(66,191)	5,907	3,167

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the District. This means it is possible to present the operating surplus or deficit of a vote.

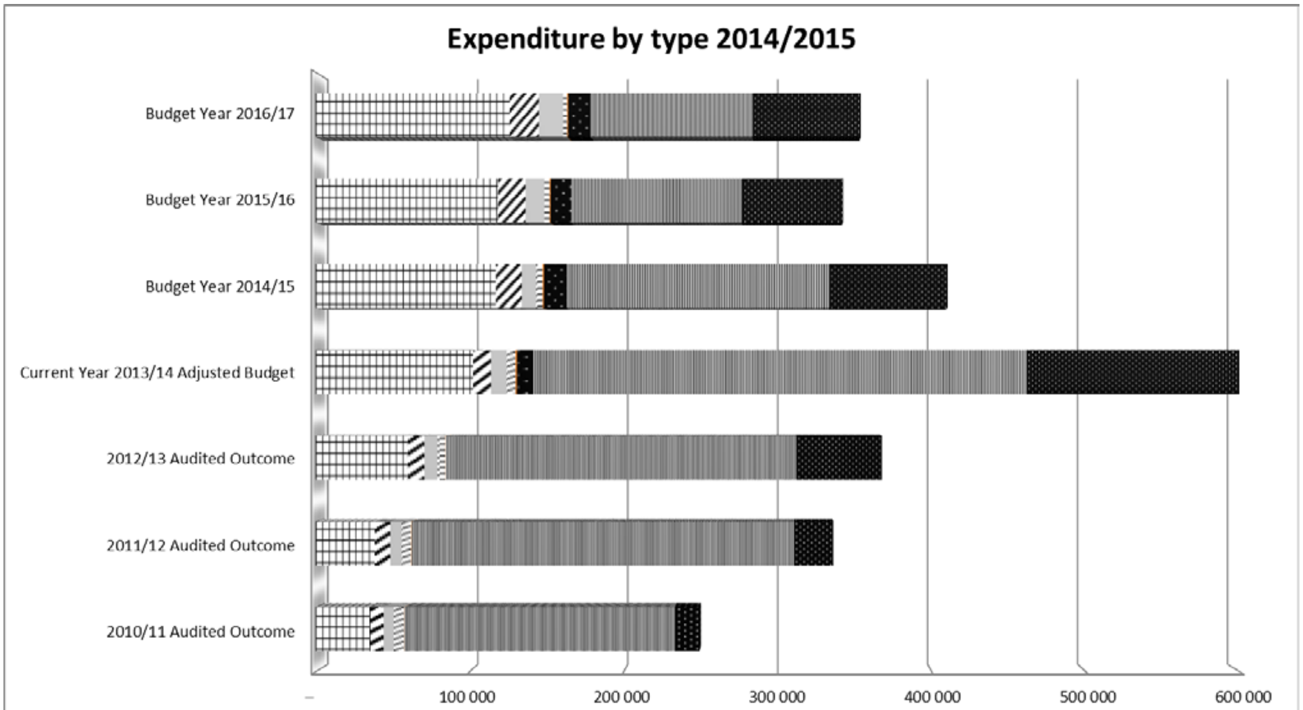
Table 12 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

DC31 Nkangala - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	–	–	–
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - other					–	–	–		–	–	–
Rental of facilities and equipment		264	256	130	100	79	79		128	134	143
Interest earned - external investments		31,136	30,257	29,656	18,060	18,560	18,560		17,435	15,757	16,781
Interest earned - outstanding debtors		41	21	1	5	–	–		5	6	6
Dividends received				–	–	–	–		–	–	–
Fines				–	–	–	–		–	–	–
Licences and permits				–	–	–	–		–	–	–
Agency services				–	–	–	–		–	–	–
Transfers recognised - operational		284,772	294,912	303,175	313,592	314,652	314,652		324,678	330,498	338,157
Other revenue	2	5,920	4,707	4,588	1,866	2,351	2,351	–	1,885	1,943	2,069
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		322,133	330,153	337,550	333,623	335,642	335,642	–	344,131	348,337	357,155
Expenditure By Type											
Employee related costs	2	35,556	38,325	59,753	121,101	102,184	102,184	–	117,010	118,411	125,989
Remuneration of councillors		8,589	10,255	10,885	14,579	11,675	11,675		16,826	17,893	19,027
Debt impairment	3	6	18	0	20	20	20		15	16	17
Depreciation & asset impairment	2	6,619	7,347	8,220	6,861	10,167	10,167	–	9,409	12,125	15,621
Finance charges		6,632	6,032	5,295	5,778	5,778	5,778		4,160	3,430	2,640
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8	151	202	245	709	895	895		804	720	652
Contracted services		–	–	–	10,899	10,762	10,762	–	15,015	13,503	14,664
Transfers and grants		175,775	248,857	227,544	440,492	319,829	319,829	–	169,966	110,881	104,894
Other expenditure	4, 5	15,897	25,002	55,659	133,031	138,357	138,357	–	77,117	65,451	70,484
Loss on disposal of PPE											
Total Expenditure		249,225	336,037	367,602	733,471	599,667	599,667	–	410,322	342,429	353,988
Surplus/(Deficit)		72,908	(5,885)	(30,052)	(399,847)	(264,025)	(264,025)	–	(66,191)	5,907	3,167
Transfers recognised - capital											
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets				6							
Surplus/(Deficit) after capital transfers & contributions		72,908	(5,885)	(30,046)	(399,847)	(264,025)	(264,025)	–	(66,191)	5,907	3,167
Taxation											
Surplus/(Deficit) after taxation		72,908	(5,885)	(30,046)	(399,847)	(264,025)	(264,025)	–	(66,191)	5,907	3,167
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		72,908	(5,885)	(30,046)	(399,847)	(264,025)	(264,025)	–	(66,191)	5,907	3,167
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		72,908	(5,885)	(30,046)	(399,847)	(264,025)	(264,025)	–	(66,191)	5,907	3,167

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R344,131 million in 2014/15 and escalates to R357,155 million by 2016/17. This represents a year-on-year increase of 2.9 per cent for the 2014/15 financial year, 2.3 per cent for the 2014/15 and 2.0 per cent for the 2016/17 financial year.
2. Operating Grants form a significant percentage of the revenue basket for the District. In the 2014/15 financial year, the operating grants total R324,678 million or 93.75 per cent. This increases to R330,498 million and R338,157 million in the respective financial years of the MTREF. Operating Grants includes the RSC Levy Replacement, local government equitable share and other operating grants from national government.
3. Investment revenue is the second largest revenue source totalling 5.43 per cent or R17,435 million and decreases to R16,781 million by 2016/17. The third largest source is 'other revenue' which consists of various items such as income received from discounts, sale of tender documents and sundry income.
4. The following graph illustrates the major expenditure items per type.



	2010/11 Audited Outcome	2011/12 Audited Outcome	2012/13 Audited Outcome	Current Year 2013/14 Adjusted Budget	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
Employee related costs	35 556 126	38 325 320	59 753 426	102 184 443	117 010 001	118 410 602	125 988 880
Remuneration of councillors	8 589 272	10 254 697	10 884 898	11 675 284	16 826 270	17 892 652	19 026 756
Debt impairment	5 960	17 710	0	20 000	15 000	15 750	16 774
Depreciation & asset impairment	6 619 085	7 347 079	8 220 174	10 166 825	9 409 079	12 124 904	15 620 989
Finance charges	6 632 339	6 031 771	5 295 199	5 778 000	4 159 607	3 430 048	2 640 317
Other materials	150 665	202 470	244 557	894 884	804 071	720 175	652 150
Contracted services	-	-	-	10 762 110	15 014 876	13 503 364	14 664 186
Transfers and grants	175 774 518	248 856 578	227 544 495	319 829 011	169 965 729	110 880 873	104 893 756
Other expenditure	15 897 148	25 001 729	55 659 337	138 356 550	77 117 305	65 451 114	70 484 069

Figure 2 Expenditure by major type

5. Transfers and grants is the main expenditure type, which are the Contribution to Local Municipalities an amounts to R169,966 million for the 2014/15 financial year,

   The Contribution to Local Municipalities can be summarised below.

Table 13 Contributions to Local Municipalities per municipality

LOCAL MUNICIPALITY	WATER	SEWER	ROADS & STORMWATER	URBAN DEVELOPMENT	ELECTRICITY	OTHER	TOTAL
DR JS MOROKA	4 000 000	-	16 501 000	-	2 326 728	12 875 014	35 702 742
EMAKHAZENI	5 982 625	-	3 000 000	762 000	2 048 000	4 488 881	16 281 506
EMALAHLENI	1 096 000	-	3 500 000	-	6 600 000	5 564 264	16 760 264
STEVE TSHWETE	11 000 000	9 030 002	8 300 000	1 528 340	-	1 050 000	30 908 342
THEMBISILE HANI	4 192 000	-	8 930 000	1 000 000	-	2 062 000	16 184 000
VICTOR KHANYE	-	5 000 000	-	-	-	5 697 486	10 697 486
GENERAL	1 000 000	-	-	-	-	42 431 388	43 431 388
	27 270 625	**14 030 002**	**40 231 000**	**3 290 340**	**10 974 728**	**74 169 034**	**169 965 729**

The following table illustrates the contribution for local municipalities for the 2014/15, 2015/16 and 2016/17 financial years:

Table 14 Indicative - Contributions to Local Municipalities per municipality

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Non-Cash Transfers to other municipalities											
DR JS MOROKA LOCAL MUNICIPALITY	1	48 053	46 230	16 417	60 106	39 304	39 304		32 826	11 698	–
EMALAHLENI LOCAL MUNICIPALITY		37 110	61 598	45 770	86 874	85 716	85 716		11 196	13 514	12 340
THEMBISILE HANI LOCAL MUNICIPALITY		24 491	33 760	59 698	76 491	53 633	53 633		16 137	12 330	18 538
EMAKHAZENI LOCAL MUNICIPALITY		11 267	17 926	36 840	33 048	26 845	26 845		12 482	11 903	5 000
STEVE TSHWETE LOCAL MUNICIPALITY		24 777	30 750	24 897	48 026	23 480	23 480		31 617	4 130	8 414
VICTOR KHANYE LOCAL MUNICIPALITY		12 200	37 771	13 433	30 214	20 409	20 409		9 157	8 596	9 320
GENERAL		17 876	20 822	30 490	105 733	70 442	70 442		56 552	48 710	51 281
Total Non-Cash Transfers To Municipalities:		175 775	248 857	227 544	440 492	319 829	319 829	–	169 966	110 881	104 894

6. Employee related costs and contribution to local municipalities are the main cost drivers within the district.

Table 15 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

DC31 Nkangala - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE & COUNCIL		1,858	386	1,315	2,590	2,525	2,525	–	2,250	1,998	1,249
Vote 2 - ADMINISTRATION		165	56	215	2,730	2,730	2,730	–	1,000	420	405
Vote 3 - FINANCE - BUDGET & TREASURY OFFICE		714	137	94	236	236	236	–	113	118	126
Vote 4 - COMMUNITY & SOCIAL SERVICES		1,851	11,995	3,775	23,653	37,743	37,743	–	18,302	21,875	–
Vote 5 - Technical Services and PMU		1,329	199	1,680	15,095	–	–	–	–	–	–
Vote 6 - DPU AND IDP		–	–	2,946	12,034	–	–	–	–	–	–
Vote 7 - PLANNING & DEVELOPMENT CONTRIBUT		–	–	–	–	–	–	–	–	–	–
Vote 8 - LED AGENCY		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	5,917	12,772	10,023	56,338	43,234	43,234	–	21,665	24,411	1,780
Single-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE & COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 2 - ADMINISTRATION		–	–	–	–	–	–	–	–	–	–
Vote 3 - FINANCE - BUDGET & TREASURY OFFICE		–	–	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY & SOCIAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 5 - Technical Services and PMU		–	–	–	–	–	–	–	–	–	–
Vote 6 - DPU AND IDP		–	–	–	–	–	–	–	–	–	–
Vote 7 - PLANNING & DEVELOPMENT CONTRIBUT		–	–	–	–	–	–	–	–	–	–
Vote 8 - LED AGENCY		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Vote		5,917	12,772	10,023	56,338	43,234	43,234	–	21,665	24,411	1,780
Capital Expenditure - Standard											
Governance and administration		2,737	579	1,520	5,536	5,461	5,461	–	3,342	2,514	1,780
Executive and council		1,858	386	1,212	2,794	2,719	2,719		2,329	2,081	1,361
Budget and treasury office		714	137	94	12	12	12		13	13	14
Corporate services		165	56	215	2,730	2,730	2,730		1,000	420	405
Community and public safety		1,851	11,995	3,775	35,267	37,023	37,023	–	17,502	21,575	–
Community and social services		1,851	11,995	54	400	100	100		78	80	–
Sport and recreation				–							
Public safety				3,721	34,867	36,923	36,923		17,424	21,495	–
Housing				–							
Health				–							
Economic and environmental services		1,329	199	4,728	15,115	30	30	–	21	22	–
Planning and development		1,329	199	3,147	20	30	30		21	22	–
Road transport				1,581	15,095						
Environmental protection											
Trading services		–	–	–	–	–	–	–	–	–	–
Electricity											
Water											
Waste water management											
Waste management											
Other					420	720	720		800	300	–
Total Capital Expenditure - Standard	3	5,917	12,772	10,023	56,338	43,234	43,234	–	21,665	24,411	1,780
Funded by:											
National Government											
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	–	–	–	–	–	–	–	–	–	–
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		5,917	12,772	10,023	56,338	43,234	43,234	–	21,665	24,411	1,780
Total Capital Funding	7	5,917	12,772	10,023	56,338	43,234	43,234	–	21,665	24,411	1,780

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2014/15 R21,665 million has been allocated of the total budget for capital expenditure and R24,411 million and R1,780 million for the 2015/16 and 2016/17 financial years respectively. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the District. For the purpose of funding assessment of the MTREF.
3. The capital programme is funded from internally generated funds from current year surpluses and accumulated surpluses.

Table 16 MBRR Table A6 - Budgeted Financial Position

DC31 Nkangala - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Current assets											
Cash		12,825	10,983	8,542	13,861	8,855	8,855		8,875	8,805	8,930
Call investment deposits	1	453,327	437,065	457,511	53,564	197,511	197,511	–	131,319	137,226	140,394
Consumer debtors	1	–	–	–	–	–	–	–	–	–	–
Other debtors		13,724	19,161	22,373	11,724	11,724	11,724		9,724	7,124	5,924
Current portion of long-term receivables						–	–		–	–	–
Inventory	2	244,583	234,296	186,682	292,019	143,337	143,337		73,337	23,337	8,337
Total current assets		724,459	701,505	675,108	371,168	361,426	361,426	–	223,255	176,492	163,585
Non current assets											
Long-term receivables											
Investments		35,464	38,855	31,085	32,922	32,922	32,922		32,922		
Investment property											
Investment in Associate											
Property, plant and equipment	3	86,332	90,527	92,125	110,846	125,545	125,545	–	137,801	150,087	136,246
Agricultural											
Biological											
Intangible			148	354		–					
Other non-current assets											
Total non current assets		121,796	129,530	123,564	143,768	158,467	158,467	–	170,723	150,087	136,246
TOTAL ASSETS		846,255	831,035	798,671	514,936	519,893	519,893	–	393,978	326,580	299,831
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	6,653	6,835	6,753	5,778	5,778	5,778	–	5,890	(6,259)	(6,680)
Consumer deposits											
Trade and other payables	4	61,039	52,251	51,526	33,039	41,946	41,946	–	36,946	33,446	38,446
Provisions		3,663	5,331	7,512	7,478	9,596	9,596				
Total current liabilities		71,355	64,417	65,792	46,295	57,320	57,320	–	42,836	27,188	31,766
Non current liabilities											
Borrowing		45,632	40,223	34,063	34,533	34,533	34,533	–	28,644	22,385	15,705
Provisions		6,841	7,128	9,596	7,478	7,478	7,478	–	8,058	8,078	7,578
Total non current liabilities		52,473	47,351	43,659	42,011	42,011	42,011	–	36,702	30,463	23,283
TOTAL LIABILITIES		123,828	111,768	109,450	88,306	99,332	99,332	–	79,538	57,651	55,049
NET ASSETS	5	722,427	719,267	689,221	426,630	420,562	420,562	–	314,440	268,929	244,782
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		722,427	719,267	689,221	426,630	420,562	420,562		314,440	268,929	244,782
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	722,427	719,267	689,221	426,630	420,562	420,562	–	314,440	268,929	244,782

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
    - Call investments deposits;
    - Property, plant and equipment;
    - Trade and other payables;
    - Provisions non-current;
    - Changes in net assets; and
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 17 MBRR Table A7 - Budgeted Cash Flow Statement

DC31 Nkangala - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		6,184	27,708	30,228	1,966	2,430	2,430		2,013	2,077	2,212
Government - operating	1	284,772	294,224	303,175	313,592	314,652	314,652		324,678	330,498	338,157
Government - capital	1					–	–				
Interest		31,177	30,277	27,196	18,065	18,560	18,560		17,440	15,762	16,787
Dividends											
Payments											
Suppliers and employees		(72,265)	(98,935)	(103,725)	(281,358)	(220,511)	(220,511)		(226,773)	(215,978)	(230,816)
Finance charges		(3,353)	(6,032)	(5,295)	(5,778)	(5,778)	(5,778)		(4,160)	(3,430)	(2,640)
Transfers and Grants	1	(179,054)	(248,857)	(227,544)	(439,454)	(322,768)	(322,768)		(169,966)	(110,881)	(104,894)
NET CASH FROM/(USED) OPERATING ACTIVITIES		67,461	(1,613)	24,034	(392,967)	(213,415)	(213,415)	–	(56,767)	18,048	18,805
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments		(27,279)	(3,391)	10,229	5,933	1,837	1,837				
Payments											
Capital assets		(12,772)	(7,872)	(10,017)	(56,338)	(43,234)	(43,234)		(21,665)	(24,411)	(1,780)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(40,051)	(11,263)	212	(50,405)	(41,397)	(41,397)	–	(21,665)	(24,411)	(1,780)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing									(5,890)	(6,259)	(6,680)
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		(5,651)	(5,227)	(6,242)	(4,874)	(4,874)	(4,874)				
NET CASH FROM/(USED) FINANCING ACTIVITIES		(5,651)	(5,227)	(6,242)	(4,874)	(4,874)	(4,874)	–	(5,890)	(6,259)	(6,680)
NET INCREASE/ (DECREASE) IN CASH HELD		21,759	(18,104)	18,004	(448,246)	(259,687)	(259,687)	–	(84,322)	(12,622)	10,345
Cash/cash equivalents at the year begin:	2	444,393	466,152	448,048	515,672	466,052	466,052	466,052	206,365	122,043	109,422
Cash/cash equivalents at the year end:	2	466,152	448,048	466,052	67,425	206,365	206,365	466,052	122,043	109,422	119,767

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash-in flows versus cash-outflow that is likely to result from the implementation of the budget.

3. It can be seen that the cash levels of the District declined from R466,052 million over the 2013/14 to R206,365 million in 2014/15 period owing directly to a net increase in cash for the 2015/16 and 2016/17 financial years of R119,767 million.

4. The approved 2014/15 MTREF provide for a further net decrease in cash of R5,890 million for the 2014/15 financial year resulting in an overall projected positive cash position of R222,043 million at year end.

5. Cash and cash equivalents totals R122,043 million as at the end of the 2014/15 financial year and escalates to R119,767 million by 2016/17.Table 18 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Table 19 MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

DC31 Nkangala - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available											
Cash/cash equivalents at the year end	1	466,152	448,048	466,052	67,425	206,365	206,365	466,052	122,043	109,422	119,767
Other current investments > 90 days		0	0	0	(0)	–	–	(466,052)	18,151	36,610	29,557
Non current assets - Investments	1	35,464	38,855	31,085	32,922	32,922	32,922	–	32,922	–	–
Cash and investments available:		501,616	486,903	497,138	100,347	239,287	239,287	–	173,116	146,031	149,324
Application of cash and investments											
Unspent conditional transfers		688	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	46,718	(54,263)	(91,782)	21,345	30,222	30,222	–	27,246	26,341	32,538
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		47,406	(54,263)	(91,782)	21,345	30,222	30,222	–	27,246	26,341	32,538
Surplus(shortfall)		454,210	541,166	588,919	79,002	209,065	209,065	–	145,869	119,690	116,785

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2014/15 to 2016/17 the surplus raised from R145,869 million to R116,785 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2014/15 MTREF was sufficiently funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 20 MBRR Table A9 - Asset Management

DC31 Nkangala - Table A9 Asset Management										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE										
Total New Assets	1	5,917	12,772	10,023	56,338	43,234	43,234	21,665	24,411	1,780
Infrastructure - Road transport		1,070	2,459	–	15,095	–	–	–	–	–
Infrastructure		*1,070*	*2,459*	–	*15,095*	–	–	–	–	–
Community		–	–	–	6,345	2,547	2,547	2,124	295	–
Other assets	6	4,847	10,313	9,816	32,398	38,187	38,187	19,041	23,966	1,605
Intangibles		–	–	207	2,500	2,500	2,500	500	150	175
Total Capital Expenditure	4									
Infrastructure - Road transport		1,070	2,459	–	15,095	–	–	–	–	–
Infrastructure		*1,070*	*2,459*	–	*15,095*	–	–	–	–	–
Community		–	–	–	6,345	2,547	2,547	2,124	295	–
Other assets		4,847	10,313	9,816	32,398	38,187	38,187	19,041	23,966	1,605
Intangibles		–	–	207	2,500	2,500	2,500	500	150	175
TOTAL CAPITAL EXPENDITURE - Asset class	2	5,917	12,772	10,023	56,338	43,234	43,234	21,665	24,411	1,780
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		3,348	2,995	1,962	14,775	1,962				
Infrastructure - Electricity						443				
Infrastructure		*3,348*	*2,995*	*1,962*	*14,775*	*2,405*	–	–	–	–
Community		8,980	120		7,759	1,948				
Other assets		74,004	87,411	90,163	106,327	118,926				
TOTAL ASSET REGISTER SUMMARY - PPE (WDV	5	86,332	90,675	92,478	128,860	123,279	–	–	–	–
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		6,619	7,347	8,220	6,861	10,167	10,167	9,409	12,125	15,621
Repairs and Maintenance by Asset Class	3	2,335	2,087	4,169	8,572	8,575	8,575	11,491	9,376	10,111
Other assets	6, 7	2,335	2,087	4,169	8,572	8,575	8,575	11,491	9,376	10,111
TOTAL EXPENDITURE OTHER ITEMS		8,954	9,435	12,390	15,433	18,742	18,742	20,900	21,501	25,732

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The District does not meet both these recommendations as the District move into new office buildings in 2006.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the MMC for Finance, Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the District's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 29 May 2013. Key dates applicable to the process were:

- **August 2013**–Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2014/15 MTREF;
- **January and February 2014**–Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **6 to 10 February 2014** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **29 January 2014** - Council considered the 2013/14 Mid-year Review;
- **27 February 2014** - Council considers the 2013/14 Adjustments Budget;
- **March 2014** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2014/15 MTREF is revised accordingly;
- **26 March 2014** - Tabling in Council of the draft 2014/15 IDP and 2014/15 MTREF to Mayoral committee;

- **26 March 2014** - Tabling in Council of the draft 2014/15 IDP and 2014/15 MTREF for public consultation;
- **16 April 2014** – Budget Indaba;
- **22 April 2014** - Closing date for written comments;
- **7 to 18 May 2014**–finalisation of the 2014/15 IDP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **28 May 2014** - Submission of the final 2014/15 MTREF before Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the third review of the IDP as adopted by Council in May 2013. It started in August 2013. The reviewed IDP will be tabled to council for approval on the 26 March 2014.

The District's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2013/14 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modeling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- District growth

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, household debt, migration patterns)
- Performance trends
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 55, 58, 66, 67, 70 & 72 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2014/15 MTREF as tabled before Council on 26 March 2014 for community consultation will be published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Local Municipalities were utilised to facilitate the community consultation process from 12 February to 7 April 2014, and included six public briefing sessions and the Budget Indaba on the 16 April 2014. The applicable dates and venues will be published in all the local newspapers and on average attendance of 150 are expected per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and Imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the finalisation of the 2014/15 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The District is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially the state of road infrastructure and slow implementation of projects in local municipalities;

- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Environmental problems of the mines and climate change;
- High levels of poverty and unemployment, which indicate there is a need for skills training.
- The district needs to promote the cargo project in Victor Khanye.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the District, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the District strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the District's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;

- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP);
- The National Priority Outcomes and
- The National Development Plan.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's six strategic objectives for the 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

- Local Economic Development
- Infrastructure Development and Service Delivery
- Institutional Development and Municipal Transformation
- Good Governance and Public Participation
- Build more united, non-racial, integrated and safer communities;
- Financial Viability
- Ensure more effective, accountable and clean Local Government that works together with National and Provincial Spheres of Government.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the District to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
    - Provide electricity;
    - Provide water;
    - Provide sanitation;
    - Provide waste removal;
    - Provide housing;
    - Provide roads and storm water;
    - Provide public transport;
    - Provide district planning services; and
    - Maintaining the infrastructure of the District.

2. Economic growth and development that leads to sustainable job creation by:
    - Ensuring the is a clear structural plan for the District;
    - Ensuring planning processes function in accordance with set timeframes;

- o Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- o Working with strategic partners such as SAPS to address crime;
- o Ensuring save working environments
- o Promote viable, sustainable communities through proper zoning; and
- o Promote environmental sustainability by protecting wetlands and key open spaces.
- o Implementing initiatives to reduce the effect of climate change.

3.2 Integrated Social Services for empowered and sustainable communities
- o Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- o Optimising effective community participation in the ward committee system; and
- o Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:
- o Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:
- o Reviewing the use of contracted services
- o Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- o Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the District. The five-year programme responds to the development challenges and opportunities faced by the District by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the District;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 21 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

DC31 Nkangala - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Service Delivery & Infrastructure Development		KPA 5										
Local Economic Development		KPA 3										
Municipal Financial Viability & Management		KPA 4		321,383	329,152	336,556	332,733	334,751	334,751	343,197	347,370	356,137
Institutional Development & Municipal Transformation		KPA 1										
Good Governance, Intergovernmental Relations & Public Participation		KPA 2			1	1,000	890	891	891	934	967	1,018
Spatial Rationale		KPA 6		750	1,000							
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	322,133	330,153	337,556	333,623	335,642	335,642	344,131	348,337	357,155

Table 22 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

DC31 Nkangala - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Service Delivery & Infrastructure Development		KPA 5		177,164	258,632	258,014	475,755	401,354	401,354	206,276	157,005	160,116
Local Economic Development		KPA 3		6,387	4,844	9,872	64,584	36,368	36,368	33,637	35,648	33,089
Municipal Financial Viability & Management		KPA 4		13,592	12,832	16,565	39,815	33,067	33,067	37,475	28,923	29,783
Institutional Development & Municipal Transformation		KPA 1		9,036	12,619	26,749	57,548	43,151	43,151	41,006	36,251	38,771
Good Governance, Intergovernmental Relations & Public Participation		KPA 2		31,409	32,607	38,138	73,149	67,916	67,916	74,163	80,593	87,823
Spatial Rationale		KPA 6		11,637	10,709	2,882	22,618	17,810	17,810	17,765	4,011	4,406

Table 23 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

DC31 Nkangala - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Service Delivery & Infrastructure Development		KPA 5		1,851	11,995	5,457	38,748	37,743	37,743	18,302	21,875	
Local Economic Development		KPA 3				101	20	30	30	21	22	
Municipal Financial Viability & Management		KPA 4		714	137	94	236	236	236	113	118	126
Institutional Development & Municipal Transformation		KPA 1		165	56	1,078	3,429	3,429	3,429	1,770	1,174	430
Good Governance, Intergovernmental Relations & Public Participation		KPA 2		1,858	386	395	1,872	1,796	1,796	1,460	1,222	1,224
Spatial Rationale		KPA 6		1,329	199	2,899	12,034	–	–			

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the District has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

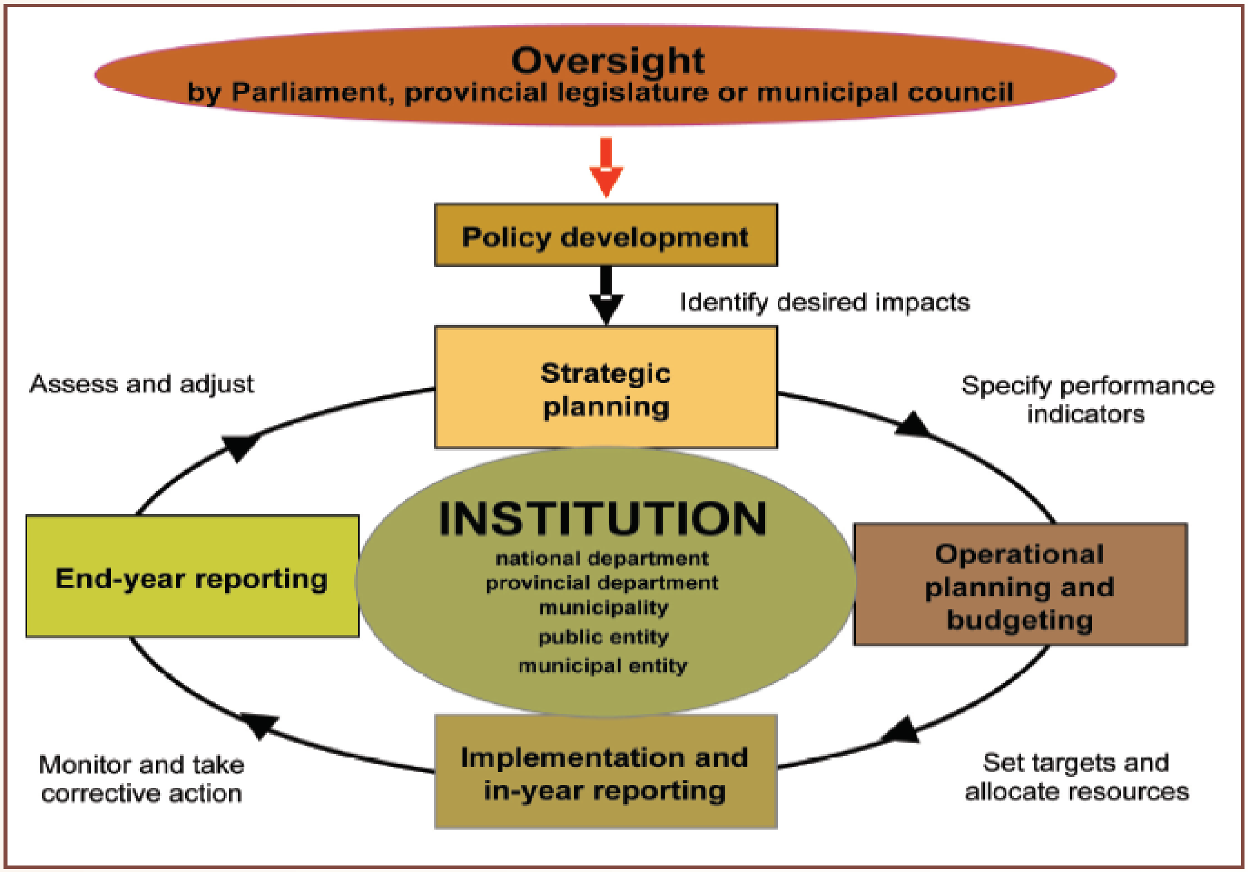


Figure 3 Planning, budgeting and reporting cycle

The performance of the District relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The District therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the District in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

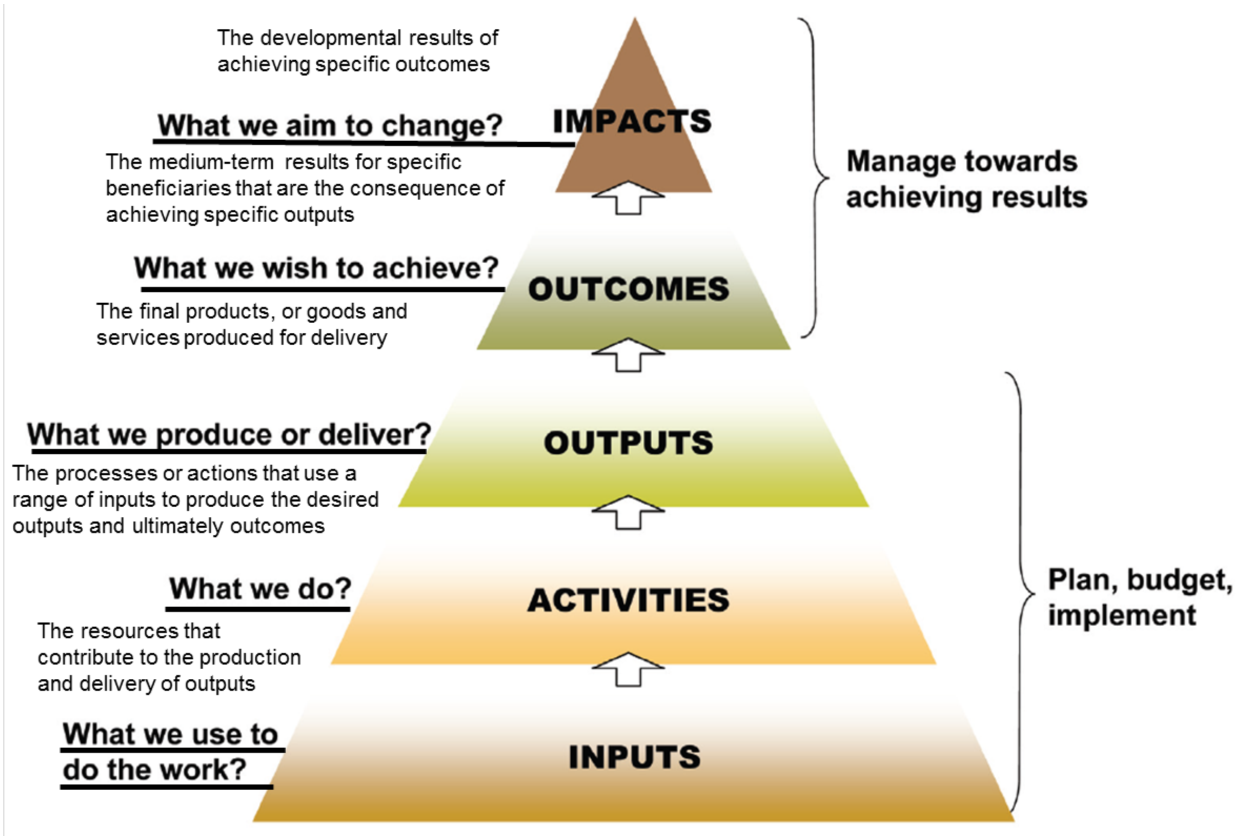


Figure 4 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 24 MBRR Table SA7 - Measurable performance objectives (replaced withQUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORSAS PER APPROVED SDBIP)

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

Table 25 MBRR Table SA8 - Performance indicators and benchmarks

DC31 Nkangala - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11 Audited Outcome	2011/12 Audited Outcome	2012/13 Audited Outcome	Current Year 2013/14 Original Budget	Current Year 2013/14 Adjusted Budget	Current Year 2013/14 Full Year Forecast	Current Year 2013/14 Pre-audit outcome	2014/15 Medium Term Revenue & Expenditure Framework Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Borrowing Management											
Credit Rating		AA									
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.9%	3.4%	3.1%	1.5%	1.8%	1.8%	0.0%	1.0%	1.0%	0.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	32.9%	31.9%	33.6%	53.2%	50.7%	50.7%	0.0%	21.4%	19.2%	13.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-27.2%	-25.6%	-375.3%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	10.2	10.9	10.3	8.0	6.3	6.3	–	5.2	6.5	5.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	10.2	10.9	10.3	8.0	6.3	6.3	–	5.2	6.5	5.1
Liquidity Ratio	Monetary Assets/Current Liabilities	6.5	7.0	7.1	1.5	3.6	3.6	–	3.3	5.4	4.7
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		99.3%	555.9%	640.5%	99.7%	100.0%	100.0%	0.0%	99.8%	99.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		99.3%	555.9%	640.5%	99.7%	100.0%	100.0%	0.0%	99.8%	99.7%	99.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	4.3%	5.8%	6.6%	3.5%	3.5%	3.5%	0.0%	2.8%	2.0%	1.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))	100.0%	100.0%								
Creditors to Cash and Investments		12.9%	11.7%	11.1%	49.0%	20.3%	20.3%	0.0%	30.3%	30.6%	32.1%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	11.0%	11.6%	17.7%	36.3%	30.4%	30.4%	0.0%	34.0%	34.0%	35.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	13.7%	14.7%	38.5%	40.7%	33.9%	33.9%		38.9%	39.1%	40.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.7%	0.6%	1.2%	2.6%	2.6%	2.6%		3.3%	2.7%	2.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	4.1%	4.1%	4.0%	3.8%	4.8%	4.8%	0.0%	3.9%	4.5%	5.1%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	1.1	1.1	1.5	0.9	0.9	0.9	–	1.2	1.1	1.1
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	5191.7%	7480.3%	17233.1%	11724.1%	14912.4%	14912.4%	0.0%	7626.8%	5321.5%	4155.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	108.5	90.4	60.8	4.0	13.7	13.7	–	8.0	7.3	7.5

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Nkangala District Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the District's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased from 1.0 per cent in 2014/15 to .07 per cent in 2016/17.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is zero per cent.

The District's debt profile provides some interesting insights on the District's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the District to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. .

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of borrowing, creditors and provisions as a percentage of funds and reserves. In the 2014/15 financial year the ratio is at a level 14.8 per cent and remains relatively stable at 16.65 per cent in the 2016/17 financial year.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the District has set a limit of 1, hence at no point in time should this ratio be less than 1. The 2012/13 current ratio of the District is 10.3 per cent. The current ratio for 2013/14 is 6.3, whilst the projected current ratio is 5.2 in the 2014/15 financial year and 6.5 and 5.1 for the two outer years of the MTREF respectively.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current

liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 8.0 and decreased to 6.3 in the 2013/14 financial year, whilst the projected liquidity ratio is 5.2 in the 2014/15 financial year and 6.5 and 5.1 for the two outer years of the MTREF respectively.

2.3.1.4 Revenue Management

- With the abolishment of the RSC Levies the outstanding debtors has declined to a point where the total outstanding debtors to annual revenue is very positive. The estimated ratio for 2014/15 is 3.5 per cent and remains stable at 3.0 and 2.4 per cent for the two outer years.

2.3.1.5 Creditors Management

- The District has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the District, which is expected to benefit the District in the form of more competitive pricing of tenders, as suppliers compete for the District's business.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to remain stable at 34.0 per cent for the 2014/15 budget year and 35.3 for the 2016/17 budget year.
- Repairs and maintenance as percentage of operating revenue is very low as the District has only the office building.
- The filling of vacancies has commenced.
- Measures have been put in place to ensure that relevant officials comply with the extension of the minimum competency requirements;

2.4 Overview of budget related-policies

The District's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy as approved by Council in October 2003 and was reviewed during the 2013/14 budget process. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt.
The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 99 per cent on debtors. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the District's cash levels.

2.4.2 Asset Management Policy

The reviewed asset management policy was adopted by Council in 2013/14. The policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment. The depreciation and capitalization of assets are dealt with in terms of this policy. Provision has been made to review all budget related policies in the 2014/15 year.

2.4.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in October 2006. An amended policy was adopted by Council in August 2008. The policy provides for processes to be followed in the procurement of goods and services. The principles of this policy is to give effect to a fair, equitable, transparent, competitive and cost effective system for the procurement of goods and services, disposing of goods and selection of contractors in the provision of municipal services. The policy was reviewed during the 2013/14 budget process.

2.4.4 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the District's system of delegations. The Budget and Virement Policy will be reviewed during the budget process in 2014/15.

2.4.5 Cash Management and Investment Policy

The policy provides for the management of cash and investment of surplus funds. The aim of the policy is to ensure that surplus cash and investments are adequately managed especially the funds set aside for the cash banking of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks. This policy was reviewed by Council in 2013/14 and will be reviewed during the 2014/15 budget process.

2.4.6 Donation Policy

The policy provides for the conditions and procedures for which donations can be made and accounted for.

2.4.7 Fraud and Corruption Prevention Policy

The policy provides for the mitigating, preventing, and reporting any corrupt or fraudulent activities. The policy was reviewed in March 2014.

2.4.8 Travel and Subsistence Policy

The objective of this policy is to enforce the promulgated legislation in terms of ad-hoc travel and subsistence allowances, in order to set uniform guidelines for Councillors and officials from Nkangala District Municipality. Furthermore, this policy sets out the basis for the payment of a subsistence and travel allowance for the purposes of such official travelling

2.4.9 Rental of municipal facilities Policy

The objective of this policy are to:

- Ensure that the rental of council facilities are dealt with in accordance with authorized processes only
- Ensure that the municipality has and maintains an effective system of internal control .

2.4.10 Budget policy

The objective of the budget policy is to set out:

- The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget,
- The responsibilities of the executive mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget
- To establish and maintain procedures to ensure adherence to the Nkangala District Municipality's IDP review and budget processes.

2.5 Overview of budget assumptions

2.5.1 External factors

Circular 72 notes that the South African economy is projected to grow by 2.7 per cent in 2014. By 2016 GDP growth is expected to reach 3.5 per cent, supported by expanding public sector investment in infrastructure, the activation of new electricity-generating capacity, improving public sector confidence, relatively low inflation and interest rates and strong growth in the Southern African region.

Specific interventions to achieve this include: investing in strategic infrastructure programmes, including electricity generation and transport capacity needed to open up new mining and industrial opportunities. Linked to this is strengthening municipal finances and investing in residential development and urban infrastructure.

The proposed spending framework approved by Cabinet takes account of the need to control spending growth over the medium term while increasing the efficiency of existing allocations to improve public services. As a result, the fiscus does not increase available funds beyond the 2014 budget baseline.

The labour market has deteriorated. The official unemployment rate rose to 25.5 per cent of the labour force in the third quarter of 2013 from 24.9 per cent in the second quarter according to the latest Quarterly Labour Force Survey. The total number of unemployed people stood at 4.67 million in the three months up to September, from 4.47 million in the second quarter. By the expanded definition of unemployment (including those who have stopped looking for work) unemployment increased to 36.3 per cent, from 36.2 per cent.

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2014/15 and so municipalities must adopt a conservative approach when projecting their

expected revenues and cash receipts. Municipalities will have to carefully consider affordability of tariff increases especially as it relates to domestic consumers while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decisions. In generating capacity for spending on key municipal infrastructure municipalities will have to identify inefficiencies and eliminate non-priority spending.

Headline inflation forecasts:

Financial Year	2012 Actual	2013 Estimate	2014 Forecast	2015 Forecast	2016 Forecast
Real GDP growth	2.5%	1.8%	2.7%	3.2%	3.5%
Headline CPI	5.6%	5.7%	6.2%	5.9%	5.5%
Source: Circular 72 National Treasury					

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on District's residents and businesses;
- The impact of municipal cost drivers; and
- Municipalities must take into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015.

The preliminary increases are as follows:
2014/15 Financial Year – 6.8 per cent (5.8 per cent plus 1 per cent)
2015/16 Financial Year – 6.4 per cent (5.4 per cent plus 1 per cent)
2016/17 Financial Year – 6.4 per cent (5.4 per cent plus 1 per cent)

2.5.3 Credit rating outlook

Global Credit rating committee has in August 2013 rated the Nkangala District Municipality's as follows:

Table 26 Credit rating outlook

Security class	Rating scale	Rating	Rating outlook	Review date
Long term	National	A(ZA)	Stable	08/2014
High credit quality relative to other issuers or obligations in the same country. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.				

Short term	National	A1(ZA)	Stable	08/2014
Very high certainty of timely payment relative to other issuers or obligations in the same country. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.				
Long term	International	BBB-	Stable	08/2014
Adequate protection factors and considered sufficient for prudent investment. However there is considerable variability in risk during economic cycles.				

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The District engaged in a number of financing arrangements to minimise its interest rate costs and risk. However, in 2014/15 MTREF is based on the assumption that no additional borrowings are undertaken.

2.5.5 Collection rate for revenue services

The rate of revenue collection is currently expressed as a percentage (99 per cent) of budgeted income. Cash flow is assumed to be 99 per cent of budgeted income.

2.5.6 Salary increases

The multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015 is used as the basis.

The preliminary increases are as follows:
2014/15 Financial Year – 6.8 per cent (5.8 per cent plus 1 per cent)
2015/16 Financial Year – 6.4 per cent (5.4 per cent plus 1 per cent)
2016/17 Financial Year – 6.4 per cent (5.4 per cent plus 1 per cent)

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 60 per cent is achieved on operating expenditure and 60 per cent on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

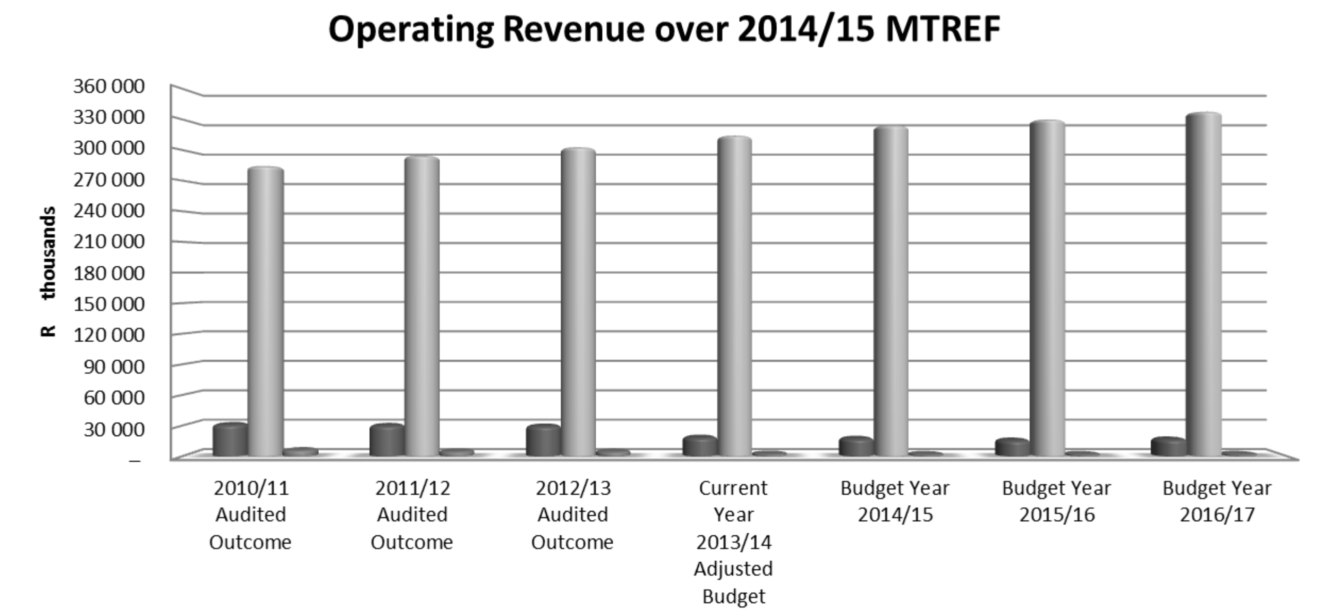
The following table is a breakdown of the operating revenue over the medium-term:

Table 27 Breakdown of the operating revenue over the medium-term

DC31 Nkangala - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1	Budget Year +2
Financial Performance										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	–	–	–	–	–	–	–	–	–	–
Investment revenue	31,136	30,257	29,656	18,060	18,560	18,560	–	17,435	15,757	16,781
Transfers recognised - operational	284,772	294,912	303,175	313,592	314,652	314,652	–	324,678	330,498	338,157
Other own revenue	6,225	4,985	4,719	1,971	2,430	2,430	–	2,018	2,082	2,217
Total Revenue (excluding capital transfers and contributions)	322,133	330,153	337,550	333,623	335,642	335,642	–	344,131	348,337	357,155

The following graph is a breakdown of the operational revenue per main category for the 2014/15 financial year.



	2010/11 Audited Outcome	2011/12 Audited Outcome	2012/13 Audited Outcome	Current Year 2013/14 Adjusted Budget	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
Investment revenue	31 177	30 277	29 657	18 560	17 440	15 762	16 787
Transfers recognised - operational	284 772	294 912	303 175	314 652	324 678	330 498	338 157
Other own revenue	6 184	4 964	4 718	2 430	2 013	2 077	2 212

Figure 5 Breakdown operating revenue over the 2014/15 MTREF

Operating Grants form a significant percentage of the revenue basket for the District. In the 2014/15 financial year, the operating grants totaled R313,592 million or 93.75 per cent. This increases to R322,354 million and R330,835 million in the respective financial years of the MTREF.

Investment revenue is the second largest revenue source totalling 5.44 per cent or R18,180 million and decreases to R15,857 million by 2016/17. The third largest sources is ‘other revenue’ which consists of various items such as income received from discounts, sale of tender documents and sundry income

The tables below provide detail investment information and investment particulars by maturity.

Table 28 MBRR SA15 – Detail Investment Information

DC31 Nkangala - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality										
5 Major Banks (Call)		179 475	202 436	218 456	453 327	307 183	307 183	207 689	84 362	31 386
5 Major Banks (30 days)		79 000	118 170	113 000						
5 Major Banks (60 - 90 days)		167 000	132 721	105 609						
Investec (Long term)		8 185	35 464	38 855	35 464	35 464	35 464	32 922	37 218	0
Municipality sub-total	1	433 660	488 791	475 920	488 791	342 647	342 647	240 611	121 580	31 386
Consolidated total:		433 660	488 791	475 920	488 791	342 647	342 647	240 611	121 580	31 386

Table 29 MBRR SA16 – Investment particulars by maturity

DC31 Nkangala - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months								Rand thousand	
Parent municipality										
5 Mayor Banks	Call	Call	yes	fixed	5.0%-5.45%	No	-	Call	195,139	
5 Mayor Banks	30 days	30 Days	yes	fixed	4.95% - 5.17%	No	-	30 days	100,000	380
5 Mayor Banks	60 - 90 Days	60 - 90 Days	yes	fixed	5.0% - 5.3%	No	-	60 - 90 Days	189,052	1,678
Investec	5 years	Long term	yes	fixed		No	-	30 June 2013	10,229	
Investec	5 Years	Long term	yes	Variable	8.28% - 9.77%	No	-	07 September 2015	28,626	
Municipality sub-total									523,045	2,058
TOTAL INVESTMENTS AND INTEREST									523,045	2,058

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surpluses be invested. This surplus is intended to partly fund contribution to local municipalities from own sources as well as ensure adequate cash backing of reserves and funds.

Operating Grants form a significant percentage of the revenue basket for the District. In the 2014/15 financial year, the operating grants totaled R313,592 million or 93.75 per cent. This increases to R322,354 million and R330,835 million in the respective financial years of the MTREF and includes the RSC Levy Replacement, local government equitable share and other operating grants from national government.

Investment revenue is the second largest revenue source totaling 5.44 per cent or R18,180 million and decreases to R15,857 million by 2016/17. The third largest sources is 'other revenue' which consists of various items such as income received from discounts, sale of tender documents and sundry income.

The following table is a detailed analysis of the District's borrowing liability.

Table 30 MBRR Table SA 17 - Detail of borrowings

DC31 Nkangala - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Parent municipality										
Long-Term Loans (annuity/reducing balance)		45,632	40,223	34,063	34,533	34,533	34,533	28,644	22,385	15,705
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	45,632	40,223	34,063	34,533	34,533	34,533	28,644	22,385	15,705

The following graph illustrates the growth in outstanding borrowing for the 2010/11 to 2015/16 period.

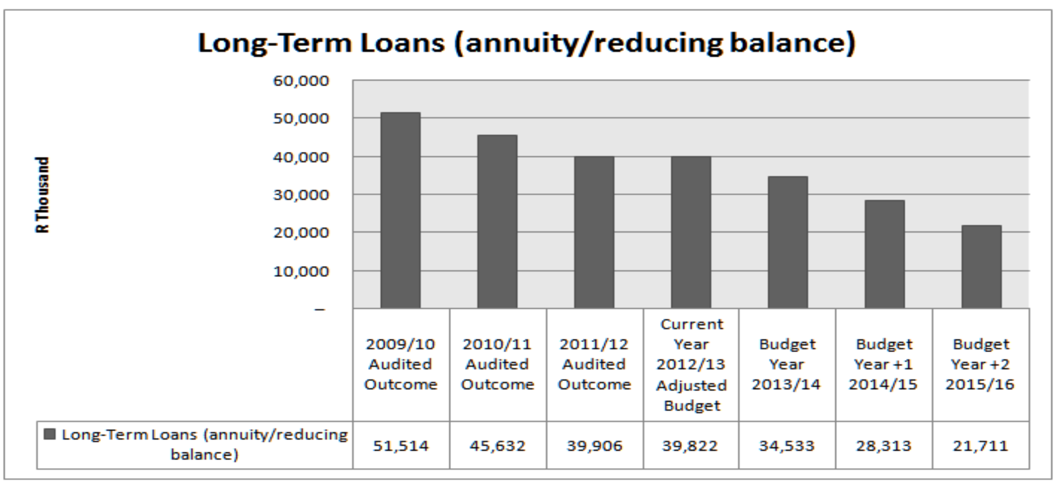


Figure 6 Decline in outstanding borrowing (long-term liabilities)

Table 31 MBRR Table SA 18 - Capital transfers and grant receipts

DC31 Nkangala - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		284,650	294,224	303,175	313,592	313,592	313,592	324,678	330,498	338,157
Local Government Equitable Share		16,858	19,468	19,030	19,749	19,749	19,749	20,649	21,118	19,940
RSC Levy Replacement		265,446	272,506	280,681	289,101	289,101	289,101	297,774	305,153	313,758
Finance Management		1,000	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,300
Municipal Systems Improvement		750	1,000	1,000	890	890	890	934	967	1,018
EPWP Incentive		596		1,214	1,000	1,000	1,000	2,121	–	
Rural Roads Asset Management Grant					1,602	1,602	1,602	1,950	2,010	2,141
Provincial Government:		–	–	–	–	1,000	1,000	–	–	–
Provincial Treasury Data Cleansing Project						1,000	1,000			
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		121	688	–	–	–	–	–	–	–
DBSA		121	688							
Total Operating Transfers and Grants	5	284,772	294,912	303,175	313,592	314,592	314,592	324,678	330,498	338,157

2.6.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 32 MBRR Table A7 - Budget cash flow statement

DC31 Nkangala - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		6,184	27,708	30,228	1,966	2,430	2,430		2,013	2,077	2,212
Government - operating	1	284,772	294,224	303,175	313,592	314,652	314,652		324,678	330,498	338,157
Government - capital	1					–	–				
Interest		31,177	30,277	27,196	18,065	18,560	18,560		17,440	15,762	16,787
Dividends											
Payments											
Suppliers and employees		(72,265)	(98,935)	(103,725)	(281,358)	(220,511)	(220,511)		(226,773)	(215,978)	(230,816)
Finance charges		(3,353)	(6,032)	(5,295)	(5,778)	(5,778)	(5,778)		(4,160)	(3,430)	(2,640)
Transfers and Grants	1	(179,054)	(248,857)	(227,544)	(439,454)	(322,768)	(322,768)		(169,966)	(110,881)	(104,894)
NET CASH FROM/(USED) OPERATING ACTIVITIES		67,461	(1,613)	24,034	(392,967)	(213,415)	(213,415)	–	(56,767)	18,048	18,805
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments		(27,279)	(3,391)	10,229	5,933	1,837	1,837				
Payments											
Capital assets		(12,772)	(7,872)	(10,017)	(56,338)	(43,234)	(43,234)		(21,665)	(24,411)	(1,780)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(40,051)	(11,263)	212	(50,405)	(41,397)	(41,397)	–	(21,665)	(24,411)	(1,780)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing									(5,890)	(6,259)	(6,680)
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		(5,651)	(5,227)	(6,242)	(4,874)	(4,874)	(4,874)				
NET CASH FROM/(USED) FINANCING ACTIVITIES		(5,651)	(5,227)	(6,242)	(4,874)	(4,874)	(4,874)	–	(5,890)	(6,259)	(6,680)
NET INCREASE/ (DECREASE) IN CASH HELD		21,759	(18,104)	18,004	(448,246)	(259,687)	(259,687)	–	(84,322)	(12,622)	10,345
Cash/cash equivalents at the year begin:	2	444,393	466,152	448,048	515,672	466,052	466,052	466,052	206,365	122,043	109,422
Cash/cash equivalents at the year end:	2	466,152	448,048	466,052	67,425	206,365	206,365	466,052	122,043	109,422	119,767

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

It can be seen that the cash levels of the District declined from R466,152 million over the 2010/11 to R466,052 million in 2012/13 period.

The approved 2013/14 MTREF provide for a further net decrease in cash of R206,365 million for the 2013/14 financial year resulting in an overall projected positive cash position of R119,767 million at year end.

Cash and cash equivalents totals R122,043 million as at the end of the 2014/15 financial year and escalates to R119,767 million by 2016/17.

2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior yearsthere were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 33 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

DC31 Nkangala - Table A8 Cash backed reserves/accumulated surplus reconciliation

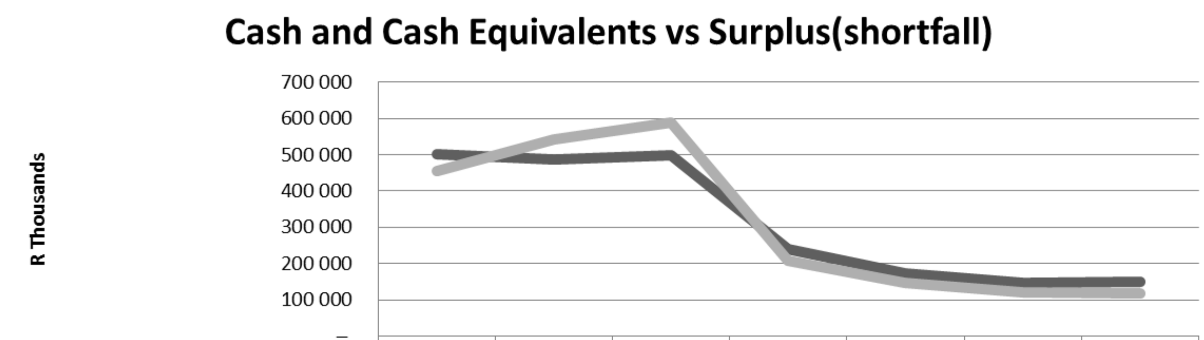
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available											
Cash/cash equivalents at the year end	1	466,152	448,048	466,052	67,425	206,365	206,365	466,052	122,043	109,422	119,767
Other current investments > 90 days		0	0	0	(0)	–	–	(466,052)	18,151	36,610	29,557
Non current assets - Investments	1	35,464	38,855	31,085	32,922	32,922	32,922	–	32,922	–	–
Cash and investments available:		501,616	486,903	497,138	100,347	239,287	239,287	–	173,116	146,031	149,324
Application of cash and investments											
Unspent conditional transfers		688	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	46,718	(54,263)	(91,782)	21,345	30,222	30,222	–	27,246	26,341	32,538
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		47,406	(54,263)	(91,782)	21,345	30,222	30,222	–	27,246	26,341	32,538
Surplus(shortfall)		454,210	541,166	588,919	79,002	209,065	209,065	–	145,869	119,690	116,785

From the above table it can be seen that the cash and investments available total R145,869 million in the 2014/15 financial year and progressively decrease to R116,785 million by 2016/17, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

- Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- From the table it can be seen that for the period 2010/11 to 2012/13 the surplus increased from R454,210 million to R588,919 million.
- Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2013/14 MTREF was sufficiently funded.
- As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.



	2010/11 Audited Outcome	2011/12 Audited Outcome	2012/13 Audited Outcome	Current Year 2013/14 Adjusted Budget	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
Cash and investments available:	501 616	486 903	497 138	239 287	173 116	146 031	149 324
Surplus(shortfall)	454 210	541 166	588 919	209 065	145 869	119 690	116 785

Figure 7 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 34 MBRR SA10 – Funding compliance measurement

DC31 Nkangala Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2010/11 Audited Outcome	2011/12 Audited Outcome	2012/13 Audited Outcome	Current Year 2013/14 Original Budget	Current Year 2013/14 Adjusted Budget	Current Year 2013/14 Full Year Forecast	Current Year 2013/14 Pre-audit outcome	2014/15 Medium Term Revenue & Expenditure Framework Budget Year 2014/15	Budget Year +1	Budget Year +2
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	466,152	448,048	466,052	67,425	206,365	206,365	466,052	122,043	109,422	119,767
Cash + investments at the yr end less applications - R'000	18(1)b	2	454,210	541,166	588,919	79,002	209,065	209,065	–	145,869	119,690	116,785
Cash year end/monthly employee/supplier payments	18(1)b	3	108.5	90.4	60.8	4.0	13.7	13.7	–	8.0	7.3	7.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	72,908	(5,885)	(30,046)	(399,847)	(264,025)	(264,025)	–	(66,191)	5,907	3,167
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	99.3%	555.9%	640.5%	99.7%	100.0%	100.0%	0.0%	99.8%	99.7%	99.7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	2.3%	6.9%	0.0%	20.0%	25.4%	25.4%	0.0%	11.8%	11.8%	11.8%
Capital payments % of capital expenditure	18(1)c;19	8	215.9%	61.6%	99.9%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	(27.2%)	(25.6%)	(375.3%)
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	39.6%	16.8%	(47.6%)	0.0%	0.0%	(100.0%)	(17.1%)	(26.7%)	(16.8%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.7%	2.3%	4.5%	7.7%	6.8%	6.8%	0.0%	8.3%	6.2%	7.4%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.6.4.1 Cash/cash equivalent position

The District's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/15 MTREF shows R122,043 million, R109,422 million and R119,767 million for each respective financial year.

2.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 18, on page 27. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the District to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection. The ratio has been increasing for the period 2010/11 to 2012/13, moving from 145,869 to116,785 with the adopted 2013/14 MTREF. As part of the 2014/15 MTREF the municipalities improving Project expenditure the cash position causes the ratio to down to 13.7 and then declines to 8.0 for the 2014/15 and to 7.5 in the 2016/17 year. It can be concluded that the District maintains a stable cash position.

2.6.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs.

The surplus excluding depreciation offsets declined from R72,908 million in 2010/2011 to a deficit of 30,046 million in 2012/13. It should be noted that the deficit of R66,191 million estimated in 2014/15 is mainly due to the current commitments on contributions to local municipalities, which is funded from accumulated surpluses.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

This ratio does not apply to the District as no property rates /service charges is collected by the District.

2.6.4.6 Cash receipts as a percentage of other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 100 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 99 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.4.7 Debt impairment expense as a percentage of billable revenue

With effect from 1 July 2006 RSC levies were abolished and replaced with a transitional replacement grant and the District has no billable revenue.

2.6.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been be excluded. No additional borrowings are undertaken.

2.6.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The District has budgeted for all transfers.

2.6.4.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding consumer debtors are realistic. With effect from 1 July 2006 RSC levies were abolished and replaced with a transitional replacement grant and the District has no consumer debtors.

2.6.4.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the District's strategy pertaining to asset management and repairs and maintenance is contained in Table 47 MBRR SA34C on page 101.

2.6.4.13 Asset renewal/rehabilitation expenditure level

The District's only infrastructure assets are the office building & Kwamhlanga fire station. This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 35 MBRR SA19 - Expenditure on transfers and grant programmes

Nkangala District Municipality DC31 - Supporting Table SA19 Expenditure on transfers and grant programme

DC31 Nkangala - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		284,650	294,224	303,175	313,592	313,592	313,592	324,678	330,498	338,157
Local Government Equitable Share		16,858	19,468	19,030	19,749	19,749	19,749	20,649	21,118	19,940
RSC Levy Replacement		265,446	272,506	280,681	289,101	289,101	289,101	297,774	305,153	313,758
Finance Management		1,000	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,300
Municipal Systems Improvement		750	1,000	1,000	890	890	890	934	967	1,018
EPWP Incentive		596		1,214	1,000	1,000	1,000	2,121	–	
					–	–	–			
Rural Roads Asset Management Grant					1,602	1,602	1,602	1,950	2,010	2,141
Provincial Government:		–	–	–	–	1,000	1,000	–	–	–
Provincial Treasury Data Cleansing Project						1,000	1,000			
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		121	688	–	–	–	–	–	–	–
DBSA		121	688							
Total operating expenditure of Transfers and Grants		284,772	294,912	303,175	313,592	314,592	314,592	324,678	330,498	338,157

Table 36 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

DC31 Nkangala - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		121								
Current year receipts		284,650	294,912	303,175	313,592	313,592	313,592	324,678	330,498	338,157
Conditions met - transferred to revenue		284,772	294,912	303,175	313,592	313,592	313,592	324,678	330,498	338,157
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts						1,000	1,000			
Conditions met - transferred to revenue		–	–	–	–	1,000	1,000	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		284,772	294,912	303,175	313,592	314,592	314,592	324,678	330,498	338,157

2.8 Councilor and employee benefits

Table 37 MBRR SA22 - Summary of councilor and staff benefits

DC31 Nkangala - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		5,146	6,320	6,591	11,069	6,891	6,891	12,393	13,186	14,030
Pension and UIF Contributions		692	959	1,034	–	1,035	1,035			
Medical Aid Contributions		212	150	200	–	190	190			
Motor Vehicle Allowance		2,031	2,466	2,593	2,767	2,767	2,767	3,098	3,297	3,508
Cellphone Allowance		309	360	467	424	474	474	585	622	662
Housing Allowances		198	–	–						
Other benefits and allowances		2	–	–	318	318	318	750	788	827
Sub Total - Councillors		8,589	10,255	10,885	14,579	11,675	11,675	16,826	17,893	19,027
% increase	4		19.4%	6.1%	33.9%	(19.9%)	–	44.1%	6.3%	6.3%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3,669	4,768	45,635						
Pension and UIF Contributions				4,872						
Medical Aid Contributions				5,188						
Overtime				–						
Performance Bonus				–						
Motor Vehicle Allowance	3	754	644	3,469						
Cellphone Allowance	3			–						
Housing Allowances	3			81						
Other benefits and allowances	3	295	344	244						
Payments in lieu of leave				–						
Long service awards				–						
Post-retirement benefit obligations	6			–						
Sub Total - Senior Managers of Municipality		4,717	5,756	59,490	–	–	–	–	–	–
% increase	4		22.0%	933.5%	(100.0%)	–	–	–	–	–
Other Municipal Staff										
Basic Salaries and Wages		22,326	24,659	45,635	97,337	79,650	79,650	93,492	93,387	99,364
Pension and UIF Contributions		2,804	3,207	4,872	8,626	7,092	7,092	8,695	9,252	9,844
Medical Aid Contributions		3,362	2,074	5,188	8,463	8,309	8,309	8,421	8,960	9,533
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	2,054	2,206	3,469	3,527	4,591	4,591	3,527	3,753	3,993
Cellphone Allowance	3									
Housing Allowances	3	79	70	81	1,918	1,521	1,521	1,908	2,030	2,160
Other benefits and allowances	3	214	259	244	1,229	1,022	1,022	967	1,029	1,095
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		30,839	32,475	59,490	121,101	102,184	102,184	117,010	118,411	125,989
% increase	4		5.3%	83.2%	103.6%	(15.6%)	–	14.5%	1.2%	6.4%
Total Parent Municipality		44,145	48,486	129,866	135,680	113,860	113,860	133,836	136,303	145,016
			9.8%	167.8%	4.5%	(16.1%)	–	17.5%	1.8%	6.4%

Table 38 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councilors/ senior managers)

DC31 Nkangala - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4		739,575		208,295			947,870
Chief Whip			693,351		196,738			890,089
Executive Mayor			924,467		254,518			1,178,985
Deputy Executive Mayor			–		–			–
Executive Committee			4,160,106		1,180,428			5,340,534
Total for all other councillors			5,875,498		1,843,287			7,718,785
Total Councillors	8	–	12,392,997	–	3,683,266			16,076,263
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1,402,716			196,000		1,598,716
Chief Finance Officer			1,079,857			142,264		1,222,121
Manager Technical Services			1,079,857			142,264		1,222,121
Manager Corporate Services			1,079,857			142,264		1,222,121
Manager Social Services			1,079,857			142,264		1,222,121
								–
List of each offical with packages >= senior manager								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	–	5,722,144	–	–	765,056		6,487,200

Table 39 MBRR SA24 – Summary of personnel numbers

DC31 Nkangala - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2012/13			Current Year 2013/14			Budget Year 2014/15		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		59		59	59		59	59		59
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	5		5	5		5	5		5
Other Managers	7	33		33	31		31	29		29
Professionals		*20*	*7*	*13*	*19*	*7*	*12*	*20*	*8*	*12*
Finance		7	6	1	7	6	1	8	7	1
Spatial/town planning		1		1	1		1	1		1
Information Technology		2		2	2		2	2		2
Roads		1		1	1		1	1		1
Electricity		1		1	1		1	1		1
Water		1		1	1		1	1		1
Sanitation										
Refuse										
Other		7	1	6	6	1	5	6	1	5
Technicians		*88*	*88*	*–*	*109*	*109*	*–*	*110*	*109*	*1*
Finance		13	13		13	13		14	13	1
Spatial/town planning		6	6		5	5		5	5	
Information Technology		4	4		4	4		4	4	
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		65	65		87	87		87	87	
Clerks (Clerical and administrative)										
Service and sales workers		55	55		59	59		59	59	
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	260	150	110	282	175	107	282	176	106
% increase					8.5%	16.7%	(2.7%)	–	0.6%	(0.9%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10	29	24	5	29	24	5	32	24	5
Human Resources personnel headcount	8, 10	5	1	4	5	1	4	8	1	7

2.9 Monthly targets for revenue, expenditure and cash flow

Table 40 MBRR SA25 - Budgeted monthly revenue by source and expenditure by type

DC31 Nkangala - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source																
Property rates													–	–	–	–
Property rates - penalties & collection charges													–	–	–	–
Service charges - electricity revenue													–	–	–	–
Service charges - water revenue													–	–	–	–
Service charges - sanitation revenue													–	–	–	–
Service charges - refuse revenue													–	–	–	–
Service charges - other													–	–	–	–
Rental of facilities and equipment		9	9	9	9	9	9	9	9	9	9	9	34	128	134	143
Interest earned - external investments		1,453	1,453	1,453	1,453	1,453	1,453	1,453	1,453	1,453	1,453	1,453	1,453	17,435	15,757	16,781
Interest earned - outstanding debtors													5	5	6	6
Dividends received													–	–	–	–
Fines													–	–	–	–
Licences and permits													–	–	–	–
Agency services													–	–	–	–
Transfers recognised - operational		107,915	311	–	–	108,226	–	–	–	107,915	–	311	(0)	324,678	330,498	338,157
Other revenue		452	44	44	44	452	44	44	44	452	44	44	176	1,885	1,943	2,069
Gains on disposal of PPE													–	–	–	–
Total Revenue (excluding capital transfers and cont		109,828	1,817	1,505	1,505	110,140	1,505	1,505	1,505	109,828	1,505	1,817	1,668	344,131	348,337	357,155
Expenditure By Type																
Employee related costs		9,751	9,751	9,751	9,751	9,751	9,751	9,751	9,751	9,751	9,751	9,751	9,751	117,010	118,411	125,989
Remuneration of councillors		1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	16,826	17,893	19,027
Debt impairment		1	1	1	1	1	1	1	1	1	1	1	1	15	16	17
Depreciation & asset impairment		784	784	784	784	784	784	784	784	784	784	784	784	9,409	12,125	15,621
Finance charges		2	2	1,702	2	2	1,005	2	2	1,702	2	2	(262)	4,160	3,430	2,640
Bulk purchases													–	–	–	–
Other materials		47	47	62	47	47	112	47	47	122	47	47	127	804	720	652
Contracted services		1,193	1,193	1,368	1,193	1,193	1,368	1,193	1,193	1,368	1,193	1,193	1,368	15,015	13,503	14,664
Transfers and grants		19,553	23,155	34,385	28,052	34,106	18,567	14,624	17,890	14,095	13,998	11,637	(60,098)	169,966	110,881	104,894
Other expenditure		1,802	2,099	8,294	3,065	5,740	6,411	3,435	3,024	5,637	2,683	2,463	32,464	77,117	65,451	70,484
Loss on disposal of PPE													–	–	–	–
Total Expenditure		34,536	38,434	57,750	44,298	53,027	39,402	31,239	34,094	34,863	29,861	27,280	(14,463)	410,322	342,429	353,988
Surplus/(Deficit)		75,293	(36,618)	(56,245)	(42,793)	57,113	(37,897)	(29,734)	(32,589)	74,966	(28,356)	(25,463)	16,131	(66,191)	5,907	3,167

Table 41 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

DC31 Nkangala - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote																
Vote 1 - EXECUTIVE & COUNCIL													–	–	–	–
Vote 2 - ADMINISTRATION													–	–	–	–
Vote 3 - FINANCE - BUDGET & TREASURY OFFICE		109,828	1,505	1,505	1,505	109,828	1,505	1,505	1,505	109,828	1,505	1,505	1,668	343,197	347,370	356,137
Vote 4 - COMMUNITY & SOCIAL SERVICES													–	–	–	–
Vote 5 - Technical Services and PMU													–	–	–	–
Vote 6 - DPU AND IDP		–	311	–	–	311	–	–	–	–	–	311	–	934	967	1,018
Vote 7 - PLANNING & DEVELOPMENT CONTRIBUTIONS TO LOCAL MUNI'S													–	–	–	–
Total Revenue by Vote		109,828	1,817	1,505	1,505	110,140	1,505	1,505	1,505	109,828	1,505	1,817	1,668	344,131	348,337	357,155
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE & COUNCIL		8,952	8,641	17,677	11,061	15,367	13,874	11,259	10,560	9,474	9,587	11,676	4,598	132,724	135,506	145,431
Vote 2 - ADMINISTRATION		2,795	2,795	2,795	2,795	2,795	2,795	2,795	2,795	2,795	2,795	2,795	(3,681)	27,064	26,684	28,453
Vote 3 - FINANCE - BUDGET & TREASURY OFFICE		4,668	4,578	6,193	2,776	2,776	2,646	2,046	2,046	3,946	2,479	2,046	1,272	37,475	28,923	29,783
Vote 4 - COMMUNITY & SOCIAL SERVICES		4,633	4,583	9,802	4,621	4,831	6,969	4,763	4,463	7,210	4,649	4,704	12,948	74,177	71,170	76,430
Vote 5 - Technical Services and PMU		26	64	174	222	250	386	532	410	272	266	(48)	215	2,771	(879)	(348)
Vote 6 - DPU AND IDP		535	535	535	535	535	535	535	535	535	535	535	22,614	28,494	18,855	20,626
Vote 7 - PLANNING & DEVELOPMENT CONTRIBUT		12,927	17,238	20,574	22,288	26,472	12,197	9,309	13,285	10,631	9,551	5,573	(52,428)	107,617	62,171	53,612
Total Expenditure by Vote		34,536	38,434	57,750	44,298	53,027	39,402	31,239	34,094	34,863	29,861	27,280	(14,463)	410,322	342,429	353,988
Surplus/(Deficit) before assoc.		75,293	(36,618)	(56,245)	(42,793)	57,113	(37,897)	(29,734)	(32,589)	74,966	(28,356)	(25,463)	16,131	(66,191)	5,907	3,167

Table 42 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

DC31 Nkangala - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard																
Governance and administration		109,828	1,505	1,505	1,505	109,828	1,505	1,505	1,505	109,828	1,505	1,505	1,668	343,197	347,370	356,137
Executive and council													–	–	–	–
Budget and treasury office		109,828	1,505	1,505	1,505	109,828	1,505	1,505	1,505	109,828	1,505	1,505	1,668	343,197	347,370	356,137
Corporate services													–	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and social services													–	–	–	–
Sport and recreation													–	–	–	–
Public safety													–	–	–	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		–	311	–	–	311	–	–	–	–	–	311	–	934	967	1,018
Planning and development		–	311	–	–	311	–	–	–	–	–	311	–	934	967	1,018
Road transport													–	–	–	–
Environmental protection													–	–	–	–
Trading services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Electricity													–	–	–	–
Water													–	–	–	–
Waste water management													–	–	–	–
Waste management													–	–	–	–
Other													–	–	–	–
Total Revenue - Standard		109,828	1,817	1,505	1,505	110,140	1,505	1,505	1,505	109,828	1,505	1,817	1,668	344,131	348,337	357,155
Expenditure - Standard																
Governance and administration		12,675	12,431	15,234	10,624	10,646	11,695	11,165	10,198	13,001	10,821	10,421	7,899	136,810	131,014	140,477
Executive and council		5,390	5,206	6,394	5,201	5,223	6,402	6,472	5,505	6,408	5,695	5,728	1,845	65,469	73,510	80,210
Budget and treasury office		4,424	4,364	5,979	2,562	2,562	2,432	1,832	1,832	3,732	2,264	1,832	1,057	34,872	26,218	26,894
Corporate services		2,861	2,861	2,861	2,861	2,861	2,861	2,861	2,861	2,861	2,861	2,861	4,996	36,469	31,286	33,374
Community and public safety		2,868	2,818	3,303	2,856	3,066	4,150	2,998	2,698	5,121	2,884	2,939	16,315	52,020	50,476	53,573
Community and social services		1,286	1,236	1,384	1,274	1,484	1,981	1,366	1,116	3,202	1,302	1,357	2,495	19,481	20,275	21,599
Sport and recreation													–	–	–	–
Public safety		1,582	1,582	1,920	1,582	1,582	2,170	1,632	1,582	1,920	1,582	1,582	13,820	32,539	30,201	31,974
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		17,637	22,606	28,668	28,177	32,614	19,977	14,370	19,759	17,337	15,136	10,154	(21,610)	204,825	156,245	153,008
Planning and development		16,107	21,126	26,891	26,459	30,696	17,352	12,260	18,049	13,642	13,384	8,634	(28,329)	176,271	129,452	123,300
Road transport		244	244	394	444	434	644	744	594	494	450	164	334	5,183	4,379	5,237
Environmental protection		1,286	1,236	1,384	1,274	1,484	1,981	1,366	1,116	3,202	1,302	1,357	6,385	23,371	22,414	24,472
Trading services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Electricity													–	–	–	–
Water													–	–	–	–
Waste water management													–	–	–	–
Waste management													–	–	–	–
Other		877	50	5,405	2,150	6,419	2,617	2,307	790	492	558	3,358	(8,354)	16,667	4,695	6,929
Total Expenditure - Standard		34,057	37,906	52,610	43,807	52,746	38,439	30,841	33,445	35,951	29,398	26,872	(5,750)	410,322	342,429	353,988
Surplus/(Deficit) before assoc.		75,771	(36,089)	(51,105)	(42,302)	57,394	(36,934)	(29,335)	(31,940)	73,878	(27,892)	(25,055)	7,418	(66,191)	5,907	3,167

Table 43 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

DC31 Nkangala - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Multi-year expenditure *to be appropriated*	1															
Vote 1 - EXECUTIVE & COUNCIL		917	957	917	917	917	917	917	917	917	917	917	(7,873)	2,250	1,998	1,249
Vote 2 - ADMINISTRATION		250	250	250	250	250	250	250	250	250	250	250	(1,750)	1,000	420	405
Vote 3 - FINANCE - BUDGET & TREASURY OFFICE		9	9	9	9	9	9	9	9	9	9	9	9	113	118	126
Vote 4 - COMMUNITY & SOCIAL SERVICES		1,216	1,100	1,400	820	1,100	1,300	620	900	800	678	1,245	7,123	18,302	21,875	–
Vote 5 - Technical Services and PMU		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - DPU AND IDP		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - PLANNING & DEVELOPMENT CONTRIBUTIONS TO LOCAL MUNI'S													–	–	–	–
Capital multi-year expenditure sub-total	2	2,392	2,316	2,576	1,996	2,276	2,476	1,796	2,076	1,976	1,854	2,421	(2,490)	21,665	24,411	1,780
Total Capital Expenditure	2	2,392	2,316	2,576	1,996	2,276	2,476	1,796	2,076	1,976	1,854	2,421	(2,490)	21,665	24,411	1,780

Table 44 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

DC31 Nkangala - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard	1															
Governance and administration		1,176	1,216	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176	(9,634)	3,342	2,514	1,780
Executive and council		925	965	925	925	925	925	925	925	925	925	925	(7,886)	2,329	2,081	1,361
Budget and treasury office		1	1	1	1	1	1	1	1	1	1	1	1	13	13	14
Corporate services		250	250	250	250	250	250	250	250	250	250	250	(1,750)	1,000	420	405
Community and public safety		1,216	1,100	1,400	820	1,100	700	620	900	800	600	1,245	7,001	17,502	21,575	–
Community and social services													78	78	80	–
Sport and recreation													–	–	–	–
Public safety		1,216	1,100	1,400	820	1,100	700	620	900	800	600	1,245	6,923	17,424	21,495	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		–	–	–	–	–	600	–	–	–	–	–	(579)	21	22	–
Planning and development													21	21	22	–
Road transport													–	–	–	–
Environmental protection							600						(600)	–	–	–
Trading services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Electricity													–	–	–	–
Water													–	–	–	–
Waste water management													–	–	–	–
Waste management													–	–	–	–
Other													800	800	300	–
Total Capital Expenditure - Standard	2	2,392	2,316	2,576	1,996	2,276	2,476	1,796	2,076	1,976	1,776	2,421	(2,412)	21,665	24,411	1,780
Funded by:																
National Government													–	–	–	–
Provincial Government													–	–	–	–
District Municipality													–	–	–	–
Other transfers and grants													–	–	–	–
Transfers recognised - capital		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public contributions & donations													–	–	–	–
Borrowing													–	–	–	–
Internally generated funds		2,392	2,316	2,576	1,996	2,276	2,476	1,796	2,076	1,976	1,776	2,421	(2,412)	21,665	24,411	1,780
Total Capital Funding		2,392	2,316	2,576	1,996	2,276	2,476	1,796	2,076	1,976	1,776	2,421	(2,412)	21,665	24,411	1,780

Table 45 MBRR SA30 - Budgeted monthly cash flow

DC31 Nkangala - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash Receipts By Source													1		
Property rates												–			
Property rates - penalties & collection charges												–			
Service charges - electricity revenue												–			
Service charges - water revenue												–			
Service charges - sanitation revenue												–			
Service charges - refuse revenue												–			
Service charges - other												–			
Rental of facilities and equipment	9	9	9	9	9	9	9	9	9	9	9	34	128	134	143
Interest earned - external investments	1,453	1,453	1,453	1,453	1,453	1,453	1,453	1,453	1,453	1,453	1,453	1,453	17,435	15,757	16,781
Interest earned - outstanding debtors												–			
Dividends received												–			
Fines												–			
Licences and permits												–			
Agency services												–			
Transfer receipts - operational	107,915	311	–	–	108,226	–	–	–	107,915	–	311	(0)	324,678	330,498	338,157
Other revenue	452	44	44	44	452	44	44	44	452	44	44	176	1,885	1,943	2,069
Cash Receipts by Source	109,828	1,817	1,505	1,505	110,140	1,505	1,505	1,505	109,828	1,505	1,817	1,663	344,126	348,331	357,149
Other Cash Flows by Source															
Transfer receipts - capital												–			
Contributions recognised - capital & Contributed assets												–			
Proceeds on disposal of PPE												–			
Short term loans												–			
Borrowing long term/refinancing												–			
Increase (decrease) in consumer deposits												–			
Decrease (Increase) in non-current debtors												–			
Decrease (increase) other non-current receivables												–			
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	109,828	1,817	1,505	1,505	110,140	1,505	1,505	1,505	109,828	1,505	1,817	1,663	344,126	348,331	357,149
Cash Payments by Type															
Employee related costs	9,751	9,751	9,751	9,751	9,751	9,751	9,751	9,751	9,751	9,751	9,751	9,751	117,010	118,411	125,989
Remuneration of councillors	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	16,826	17,893	19,027
Finance charges	2	2	1,702	2	2	1,005	2	2	1,702	2	2	(262)	4,160	3,430	2,640
Bulk purchases - Electricity												–			
Bulk purchases - Water & Sewer												–			
Other materials	47	47	62	47	47	112	47	47	122	47	47	127	804	720	652
Contracted services	1,193	1,193	1,368	1,193	1,193	1,368	1,193	1,193	1,368	1,193	1,193	1,368	15,015	13,503	14,664
Transfers and grants - other municipalities	19,553	23,155	34,385	28,052	34,106	18,567	14,624	17,890	14,095	13,998	11,637	(60,098)	169,966	110,881	104,894
Transfers and grants - other												–			
Other expenditure	1,802	2,099	8,294	3,065	5,740	6,411	3,435	3,024	5,637	2,683	2,463	32,464	77,117	65,451	70,484
Cash Payments by Type	33,750	37,649	56,965	43,513	52,241	38,617	30,454	33,309	34,077	29,076	26,495	(15,248)	400,898	330,289	338,350
Other Cash Flows/Payments by Type															
Capital assets	2,392	2,316	2,576	1,996	2,276	2,476	1,796	2,076	1,976	1,776	2,421	(2,412)	21,665	24,411	1,780
Repayment of borrowing			2,547			2,526			2,451			2,526	10,049	9,689	9,320
Other Cash Flows/Payments												–			
Total Cash Payments by Type	36,142	39,965	62,088	45,509	54,517	43,618	32,250	35,385	38,504	30,852	28,916	(15,135)	432,612	364,388	349,451
NET INCREASE/(DECREASE) IN CASH HELD	73,686	(38,148)	(60,583)	(44,003)	55,622	(42,113)	(30,745)	(33,880)	71,324	(29,346)	(27,099)	16,798	(88,487)	(16,057)	7,699
Cash/cash equivalents at the month/year begin:	206,365	280,051	241,903	181,321	137,317	192,940	150,827	120,082	86,203	157,527	128,180	101,081	206,365	117,879	101,822
Cash/cash equivalents at the month/year end:	280,051	241,903	181,321	137,317	192,940	150,827	120,082	86,203	157,527	128,180	101,081	117,879	117,879	101,822	109,520

Table 46 MBRR SA34a – Capital expenditure on new assets by class

DC31 Nkangala - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		1,070	2,459	–	15,095	–	–	–	–	–
Infrastructure - Road transport		1,070	2,459	–	15,095	–	–	–	–	–
Roads, Pavements & Bridges		1,070	2,459		15,095					
Community		–	–	–	6,345	2,547	2,547	2,124	295	–
Fire, safety & emergency					6,345	2,547	2,547	2,124	295	–
Other assets		4,847	10,313	9,816	32,398	38,187	38,187	19,041	23,966	1,605
General vehicles		1,078	2,170		1,379	1,379	1,379	1,400	1,000	1,000
Specialised vehicles	10	–	–	3,658	5,605	6,105	6,105	4,300	6,200	–
Plant & equipment		391	1,472	1,581	224	224	224	300	145	125
Computers - hardware/equipment		–	–	981	850	850	850	758	795	84
Furniture and other office equipment		2,539	806	634	1,232	1,167	1,167	1,133	705	246
Other Buildings		839	5,853	2,962	23,018	28,372	28,372	11,000	15,000	
Other Land		–	–							
Surplus Assets - (Investment or Inventory)		–	–							
Other		–	13		90	90	90	150	120	150
Intangibles		–	–	207	2,500	2,500	2,500	500	150	175
Computers - software & programming				207						
Other (list sub-class)					2,500	2,500	2,500	500	150	175
Total Capital Expenditure on new assets	1	5,917	12,772	10,023	56,338	43,234	43,234	21,665	24,411	1,780
Specialised vehicles		–	–	3,658	5,605	6,105	6,105	4,300	6,200	–
Refuse										
Fire				3,658	5,605	6,105	6,105	4,300	6,200	
Conservancy										
Ambulances										

Table 47 MBRR SA34c – Repairs & Maintenance by asset class

DC31 Nkangala - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and maintenance expenditure by Asset Class/Sub-class										
Other assets		1,154	1,169	3,251	6,324	7,003	7,003	9,030	6,674	7,224
General vehicles		135	335	335	1,467	1,290	1,290	960	270	280
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment		–	26	26	110	90	90	2,577	382	387
Computers - hardware/equipment		–	12	12	437	437	437	460	483	513
Furniture and other office equipment		53			19	19	19	33	39	44
Abattoirs		–								
Markets		–								
Civic Land and Buildings		966			4,291	5,166	5,166	5,000	5,500	6,000
Other Buildings		–	796	2,878						
Other Land		–								
Surplus Assets - (Investment or Inventory)		–								
Other		–								
Intangibles		1,181	918	918	2,248	1,573	1,573	2,461	2,702	2,887
Computers - software & programming		1,181	918	918	2,248	1,573	1,573	2,461	2,702	2,887
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	2,335	2,087	4,169	8,572	8,575	8,575	11,491	9,376	10,111
Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		2.7%	2.3%	4.5%	7.7%	6.8%	6.8%	8.3%	6.2%	7.4%
R&M as % Operating Expenditure		0.9%	0.6%	1.1%	1.2%	1.4%	1.4%	2.8%	2.7%	2.9%

DC31 Nkangala - Supporting Table SA34d Depreciation by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Depreciation by Asset Class/Sub-class										
Infrastructure		309	353	297	–	–	–	–	–	–
Infrastructure - Road transport		309	353	251	–	–	–	–	–	–
Roads, Pavements & Bridges		309	353	251						
Storm water										
Infrastructure - Electricity		–	–	45	–	–	–	–	–	–
Generation										
Transmission & Reticulation				45						
Street Lighting										
Community		346	395	232	–	–	–	–	–	–
Fire, safety & emergency		328	374	93						
Security and policing		18	20	139						
Other assets		5,964	6,809	7,671	6,861	10,167	10,167	–	9,409	12,125
General vehicles		784	896	798						
Specialised vehicles	10	–	–	751	–	–	–	–	–	–
Plant & equipment		685	782	836						
Computers - hardware/equipment		1,758	2,007	1,715						
Furniture and other office equipment		743	848	1,351						
Abattoirs		–	–							
Markets		–	–							
Civic Land and Buildings		1,984	2,265	1,941						
Other Buildings		–	–	277						
Other Land		–	–							
Surplus Assets - (Investment or Inventory)		–	–							
Other		9	11		6,861	10,167	10,167	–	9,409	12,125
Intangibles		–	–	20	–	–	–	–	–	–
Computers - software & programming				20						
Other (list sub-class)										
Total Depreciation	1	6,619	7,557	8,220	6,861	10,167	10,167	–	9,409	12,125
Specialised vehicles		–	–	751	–	–	–	–	–	–
Refuse				751						
Fire										
Conservancy										
Ambulances										

Table 48 MBRR SA35 – Future financial implications of the capital budget

DC31 Nkangala - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
Capital expenditure	1							
Vote 1 - EXECUTIVE & COUNCIL		2,250	1,998	1,249				
Vote 2 - ADMINISTRATION		1,000	420	405				
Vote 3 - FINANCE - BUDGET & TREASURY OFFICE		113	118	126				
Vote 4 - COMMUNITY & SOCIAL SERVICES		18,302	21,875	–				
Vote 5 - Technical Services and PMU		–	–	–				
Vote 6 - DPU AND IDP		–	–	–				
Vote 7 - PLANNING & DEVELOPMENT CONTRIBUT		–	–	–				
Vote 8 - LED AGENCY		–	–	–				
Vote 9 - [NAME OF VOTE 9]		–	–	–				
Vote 10 - [NAME OF VOTE 10]		–	–	–				
Vote 11 - [NAME OF VOTE 11]		–	–	–				
Vote 12 - [NAME OF VOTE 12]		–	–	–				
Vote 13 - [NAME OF VOTE 13]		–	–	–				
Vote 14 - [NAME OF VOTE 14]		–	–	–				
Vote 15 - [NAME OF VOTE 15]		–	–	–				
List entity summary if applicable								
Total Capital Expenditure		21,665	24,411	1,780	–	–	–	–

Table 49 MBRR SA1 – Supporting detail to budgeted financial performance

DC31 Nkangala - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Other Revenue by source											
GRANTS SETA		109	199	1,381	1,213	1,213	1,213		1,225	1,250	1,331
DISCOUNT RECIEVED		2,616	2,425	1,427	–	–	–		–	–	–
SUNDRY INCOME		2,742	1,664	1,163	15	500	500		15	16	17
VUNA AWARDS		–	–		–	–	–		–	–	–
APPLIC TENDER DOCUMENTS		415	402	617	638	638	638		645	677	721
BAD DEBTS RECOVERED		38	18	–	–	–	–		–	–	–
PROFIT ON INVESTMENT		–	–		–	–	–		–	–	–
SERVICE LEVY		–	–		–	–	–		–	–	–
Total 'Other' Revenue	1	5,920	4,707	4,588	1,866	2,351	2,351	–	1,885	1,943	2,069
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	27,043	30,509	36,336	97,337	79,650	79,650		93,492	93,387	99,364
Pension and UIF Contributions		2,804	3,207	10,305	8,626	7,092	7,092		8,695	9,252	9,844
Medical Aid Contributions		3,362	2,074	2,698	8,463	8,309	8,309		8,421	8,960	9,533
Overtime		–	–		–	–	–		–	–	–
Performance Bonus		–	–		–	–	–		–	–	–
Motor Vehicle Allowance		2,054	2,206	3,469	3,527	4,591	4,591		3,527	3,753	3,993
Cellphone Allowance		–	–		–	–	–		–	–	–
Housing Allowances		79	70	81	1,918	1,521	1,521		1,908	2,030	2,160
Other benefits and allowances		214	259	6,864	1,229	1,022	1,022		967	1,029	1,095
Payments in lieu of leave					–	–	–		–	–	–
Long service awards					–	–	–		–	–	–
Post-retirement benefit obligations	4				–	–	–		–	–	–
sub-total	5	35,556	38,325	59,753	121,101	102,184	102,184	–	117,010	118,411	125,989
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	35,556	38,325	59,753	121,101	102,184	102,184	–	117,010	118,411	125,989

Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		6,619	7,347	8,220	6,861	10,167	10,167		9,409	12,125	15,621
Total Depreciation & asset impairment	1	6,619	7,347	8,220	6,861	10,167	10,167	–	9,409	12,125	15,621
Transfers and grants											
Cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Non-cash transfers and grants		175,775	248,857	227,544	440,492	319,829	319,829	–	169,966	110,881	104,894
Total transfers and grants	1	175,775	248,857	227,544	440,492	319,829	319,829	–	169,966	110,881	104,894
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other					10,899	10,762	10,762		15,015	13,503	14,664
Total contracted services		–	–	–	10,899	10,762	10,762	–	15,015	13,503	14,664
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions											
Consultant fees		–	1,044	940	2,500	2,500	2,500		3,000	3,500	4,000
Audit fees		2,333	1,757	1,835	2,804	2,804	2,804		3,000	3,150	3,355
General expenses	3	(7,877)	(2,783)	21,519	31,386	23,820	23,820	–	4,570	(531)	(4,202)
ADVERTISEMENTS		197	418	372	629	563	563		971	999	1,079
BANK CHARGES		59	62	92	75	100	100		100	84	89
BOOKS AND MAGAZINES		54	48	40	60	60	60		70	80	85
OFFICE ACCOMADATION / RENTAL		7,912	7,887	7,961	12,411	14,611	14,611		15,259	16,482	17,532
Cleaning & gardening		–	–	–	1,419	1,284	1,284		1,898	2,298	2,409
DEPUTATION COSTS-CONGRESSES		8	36	115	342	342	342		420	439	523
Expenditure iro Thembisile roads function		–	–	–	32,844	50,436	50,436		1,506	–	–
ENTERTAINMENT COSTS		983	1,029	1,698	2,048	1,514	1,514		903	1,798	1,908
FUEL		355	178	647	762	793	793		893	1,001	754
INSURANCE		386	210	230	940	880	880		817	1,048	902
LEGAL FEES		569	434	1,678	3,256	2,706	2,706		4,000	4,000	5,000
MEMBERSHIP FEES		222	218	1,730	365	244	244		453	476	596
PLANNING		3,368	5,185	3,622	10,060	3,293	3,293		10,388	500	599
PRINTING AND STATIONERY		656	732	1,344	2,175	2,285	2,285		2,573	2,713	3,004
PUBLICITY		1,100	1,060	425	2,867	1,567	1,567		900	1,150	1,360
TOWNSHIP ESTABLISHMENT		372	138	1,172	9,043	9,543	9,543		5,204	4,640	7,032
SECURITY FEES		462	515	570	800	800	800		2,200	2,330	2,440
SURVEYS AND STUDIES		–	–	–	2,100	3,999	3,999		4,531	5,040	6,754
TRAINING		505	1,120	2,199	4,418	2,598	2,598		3,106	2,549	2,599
TELECOMMUNICATION		1,471	1,736	1,677	3,414	3,197	3,197		3,469	4,039	4,230
TRAVEL AND ACCOMODATION		1,494	2,131	4,281	5,159	5,735	5,735		4,024	4,518	4,974
MUNICIPAL ACCOUNT		1,269	1,847	1,513	1,155	2,685	2,685		2,862	3,148	3,463
Total 'Other' Expenditure	1	15,897	25,002	55,659	133,031	138,357	138,357	–	77,117	65,451	70,484
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services		2,335	2,088	4,169	10,899	10,762	10,762		15,015	13,503	14,664
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	2,335	2,088	4,169	10,899	10,762	10,762	–	15,015	13,503	14,664

Table 50 MBRR SA2 – Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

DC31 Nkangala - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description R thousand	Ref 1	Vote 1 - EXECUTIVE & COUNCIL	Vote 2 - ADMINISTRATION	Vote 3 - FINANCE - BUDGET & TREASURY OFFICE	Vote 4 - COMMUNITY & SOCIAL SERVICES	Vote 5 - Technical Services and PMU	Vote 6 - DPU AND IDP	Vote 7 - PLANNING & DEVELOPMENT CONTRIBUTIONS TO LOCAL MUNI'S	Total
Revenue By Source									
Property rates									–
Property rates - penalties & collection charges									–
Service charges - electricity revenue									–
Service charges - water revenue									–
Service charges - sanitation revenue									–
Service charges - refuse revenue									–
Service charges - other									–
Rental of facilities and equipment				128					128
Interest earned - external investments				17,435					17,435
Interest earned - outstanding debtors				5					5
Dividends received									–
Fines									–
Licences and permits									–
Agency services									–
Other revenue				1,885					1,885
Transfers recognised - operational				323,744			934		324,678
Gains on disposal of PPE									–
Total Revenue (excluding capital transfers and con		–	–	343,197	–	–	934	–	344,131
Expenditure By Type									
Employee related costs		22,332	15,436	15,773	45,286	11,800	6,383		117,010
Remuneration of councillors		16,826							16,826
Debt impairment				15					15
Depreciation & asset impairment		5,591	268	345	1,319	1,855	31		9,409
Finance charges		2,128	79	1,933		19			4,160
Bulk purchases									–
Other materials		454	12	59	220	59			804
Contracted services		7,642	480	1,264	2,935	2,694			15,015
Transfers and grants		41,804	5,800	11,436	1,285		2,024	107,617	169,966
Other expenditure		35,947	4,988	6,651	23,132	(13,656)	20,055		77,117
Loss on disposal of PPE									–
Total Expenditure		132,724	27,064	37,475	74,177	2,771	28,494	107,617	410,322
Surplus/(Deficit)		(132,724)	(27,064)	305,721	(74,177)	(2,771)	(27,560)	(107,617)	(66,191)
Transfers recognised - capital									–
Contributions recognised - capital									–
Contributed assets									–
Surplus/(Deficit) after capital transfers & contributions		(132,724)	(27,064)	305,721	(74,177)	(2,771)	(27,560)	(107,617)	(66,191)

upporting detail to budgeted financial performance

Table 51 MBRR SA3 – Supporting detail to Budgeted Financial Position

DC31 Nkangala - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Call investment deposits											
Call deposits < 90 days						197,511	197,511		131,319	137,226	140,394
Other current investments > 90 days		453,327	437,065	457,511	53,564	–	–				
Total Call investment deposits	2	453,327	437,065	457,511	53,564	197,511	197,511	–	131,319	137,226	140,394
Consumer debtors											
Consumer debtors											
Less: Provision for debt impairment											
Total Consumer debtors	2	–	–	–	–	–	–	–	–	–	–
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		116,471	122,642	132,440	164,502	177,175	177,175		198,841	223,251	225,031
Leases recognised as PPE	3	2,439	3,471	1,032		–	–		–	–	–
Less: Accumulated depreciation		32,579	35,587	41,347	53,656	51,630	51,630		61,039	73,164	88,785
Total Property, plant and equipment (PPE)	2	86,332	90,527	92,125	110,846	125,545	125,545	–	137,801	150,087	136,246
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		6,653	6,835	6,753	5,778	5,778	5,778		5,890	(6,259)	(6,680)
Total Current liabilities - Borrowing		6,653	6,835	6,753	5,778	5,778	5,778	–	5,890	(6,259)	(6,680)
Trade and other payables											
Trade and other creditors		60,351	52,251	51,526	33,039	41,946	41,946		36,946	33,446	38,446
Unspent conditional transfers		688	–								
VAT											
Total Trade and other payables	2	61,039	52,251	51,526	33,039	41,946	41,946	–	36,946	33,446	38,446
Non current liabilities - Borrowing											
Borrowing	4	45,306	39,822	34,034	34,533	34,533	34,533		28,644	22,385	15,705
Finance leases (including PPP asset element)		326	402	29							
Total Non current liabilities - Borrowing		45,632	40,223	34,063	34,533	34,533	34,533	–	28,644	22,385	15,705
Provisions - non-current											
Retirement benefits		6,841	7,128	9,596	7,478	7,478	7,478		8,058	8,078	7,578
List other major provision items											
Refuse landfill site rehabilitation											
Other											
Total Provisions - non-current		6,841	7,128	9,596	7,478	7,478	7,478	–	8,058	8,078	7,578
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		645,075	725,354	719,267	430,295	30,448	30,448		(233,577)	(299,769)	(293,861)
GRAP adjustments		4,444									
Restated balance		649,519	725,354	719,267	430,295	30,448	30,448	–	(233,577)	(299,769)	(293,861)
Surplus/(Deficit)		72,908	(5,885)	(30,046)	(399,847)	(264,025)	(264,025)	–	(66,191)	5,907	3,167
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	722,427	719,469	689,221	30,448	(233,577)	(233,577)	–	(299,769)	(293,861)	(290,694)
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	722,427	719,469	689,221	30,448	(233,577)	(233,577)	–	(299,769)	(293,861)	(290,694)

Table 52 MBRR SA6 – Reconciliation of IDP strategic objectives and budget (capital expenditure)

upporting detail to Budgeted Financial Position

DC31 Nkangala - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Service Delivery & Infrastructure Development		KPA 5		1 851	11 995	5 457	38 748	37 743	37 743	18 302	21 875	
Local Economic Development		KPA 3				101	20	30	30	21	22	
Municipal Financial Viability & Management		KPA 4		714	137	94	236	236	236	113	118	126
Institutional Development & Municipal Transformation		KPA 1		165	56	1 078	3 429	3 429	3 429	1 770	1 174	430
Good Governance, Intergovernmental Relations & Public Participation		KPA 2		1 858	386	395	1 872	1 796	1 796	1 460	1 222	1 224
Spatial Rationale		KPA 6		1 329	199	2 899	12 034	–	–			
Allocations to other priorities			3									
Total Capital Expenditure			1	5 917	12 772	10 023	56 338	43 234	43 234	21 665	24 411	1 780

DC31 Nkangala - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Borrowing Management											
Credit Rating		AA									
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.9%	3.4%	3.1%	1.5%	1.8%	1.8%	0.0%	1.0%	1.0%	0.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	32.9%	31.9%	33.6%	53.2%	50.7%	50.7%	0.0%	21.4%	19.2%	13.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-27.2%	-25.6%	-375.3%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	10.2	10.9	10.3	8.0	6.3	6.3	–	5.2	6.5	5.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	10.2	10.9	10.3	8.0	6.3	6.3	–	5.2	6.5	5.1
Liquidity Ratio	Monetary Assets/Current Liabilities	6.5	7.0	7.1	1.5	3.6	3.6	–	3.3	5.4	4.7
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		99.3%	555.9%	640.5%	99.7%	100.0%	100.0%	0.0%	99.8%	99.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		99.3%	555.9%	640.5%	99.7%	100.0%	100.0%	0.0%	99.8%	99.7%	99.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	4.3%	5.8%	6.6%	3.5%	3.5%	3.5%	0.0%	2.8%	2.0%	1.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))	100.0%	100.0%								
Creditors to Cash and Investments		12.9%	11.7%	11.1%	49.0%	20.3%	20.3%	0.0%	30.3%	30.6%	32.1%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and										

Table 53 MBRR SA21 -Transfers & grants made by the municipality

DC31 Nkangala - Supporting Table SA21 Transfers and grants made by the municipality											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Non-Cash Transfers to other municipalities											
DR JS MOROKA LOCAL MUNICIPALITY	1	48,053	46,230	16,417	60,106	39,304	39,304		32,826	11,698	–
EMALAHLENI LOCAL MUNICIPALITY		37,110	61,598	45,770	86,874	85,716	85,716		11,196	13,514	12,340
THEMBISILE HANI LOCAL MUNICIPALITY		24,491	33,760	59,698	76,491	53,633	53,633		16,137	12,330	18,538
EMAKHAZENI LOCAL MUNICIPALITY		11,267	17,926	36,840	33,048	26,845	26,845		12,482	11,903	5,000
STEVE TSHWETE LOCAL MUNICIPALITY		24,777	30,750	24,897	48,026	23,480	23,480		31,617	4,130	8,414
VICTOR KHANYE LOCAL MUNICIPALITY		12,200	37,771	13,433	30,214	20,409	20,409		9,157	8,596	9,320
GENERAL		17,876	20,822	30,490	105,733	70,442	70,442		56,552	48,710	51,281
Total Non-Cash Transfers To Municipalities:		175,775	248,857	227,544	440,492	319,829	319,829	–	169,966	110,881	104,894
Total Non-Cash Grants To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL NON-CASH TRANSFERS AND GRANTS		175,775	248,857	227,544	440,492	319,829	319,829	–	169,966	110,881	104,894
TOTAL TRANSFERS AND GRANTS	6	175,775	248,857	227,544	440,492	319,829	319,829	–	169,966	110,881	104,894

Municipal Manager's quality certificate

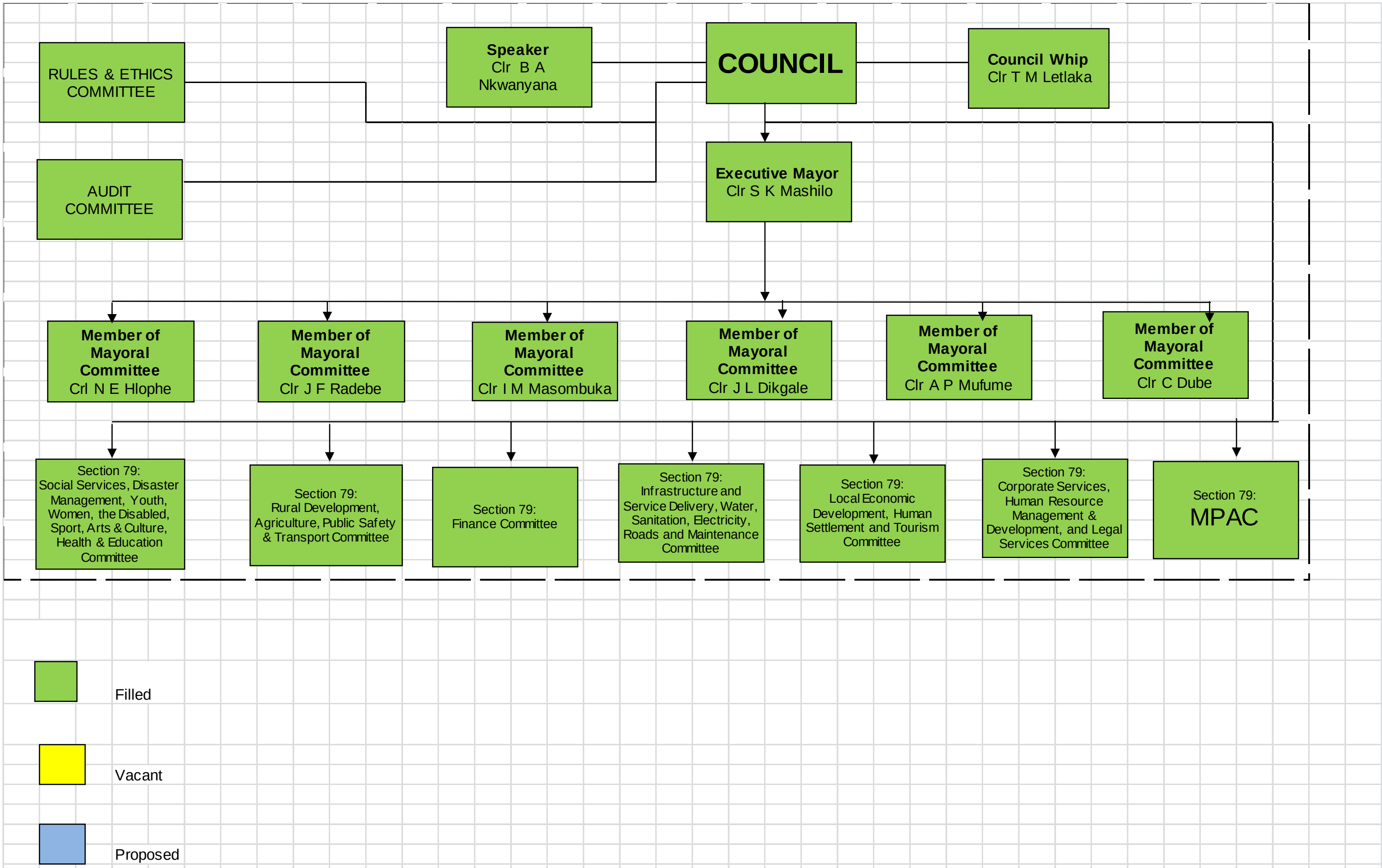
I, SKOSANA M.M, Municipal Manager of Nkangala District Municipality, hereby certify that the 2014/2015 to 2016/2017 Draft Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Adjustment Budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Signature: ______________________

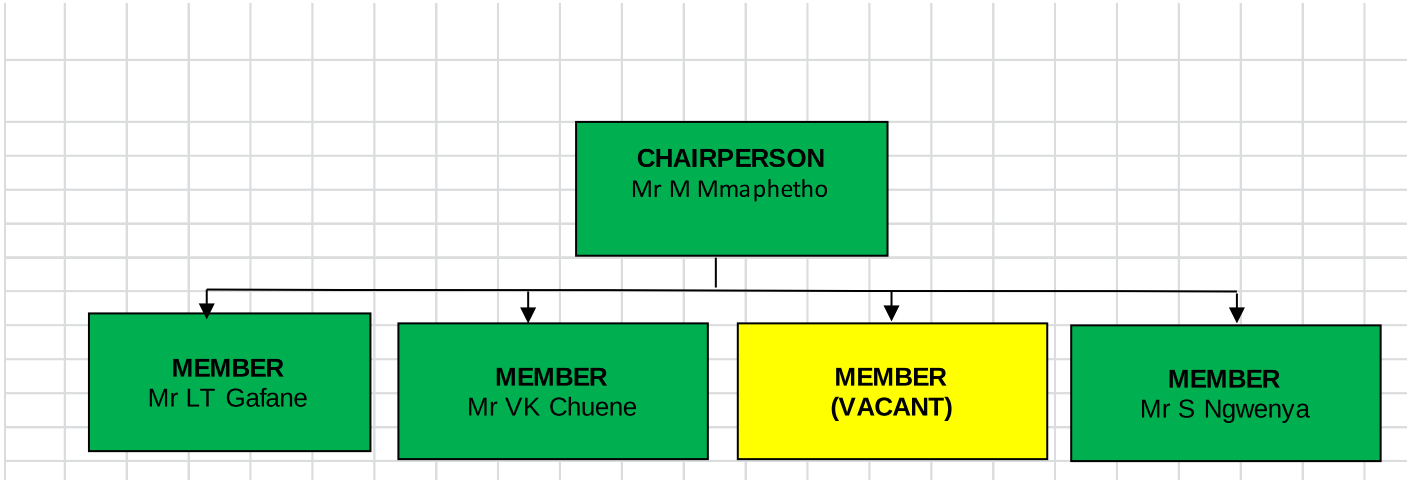
Municipal Manager of Nkangala District Municipality (DC31)

Date: 26/3/2014.

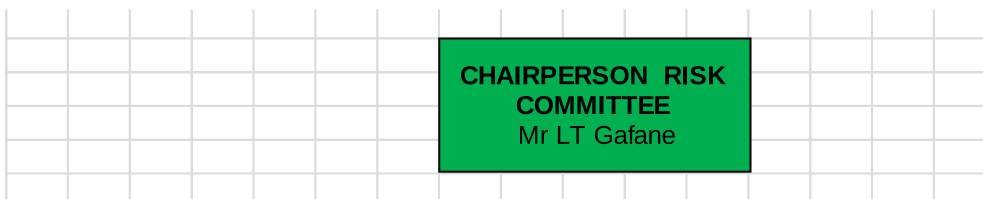
Nkangala District Council



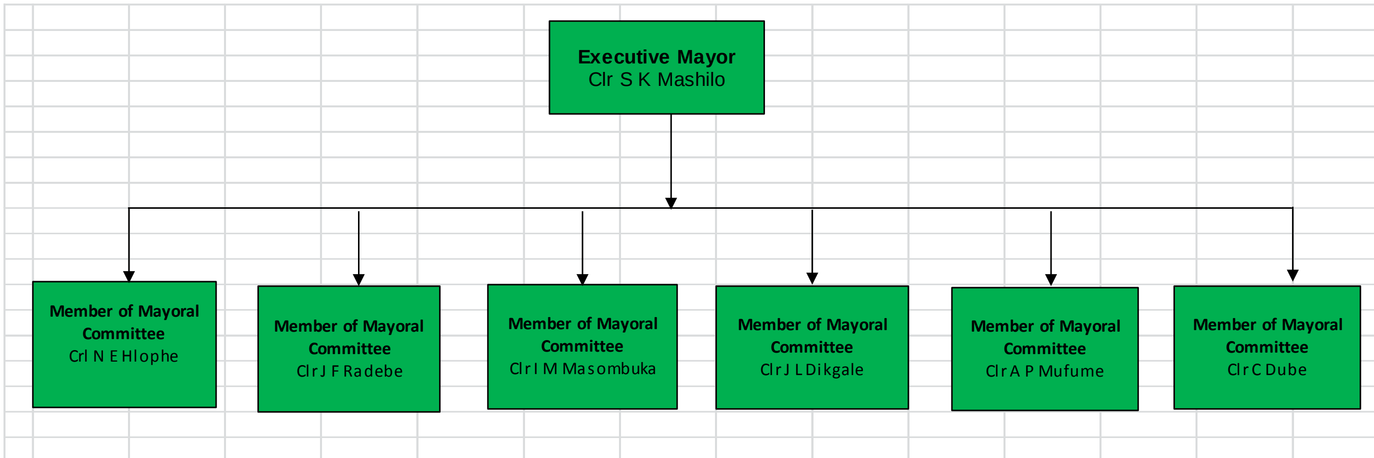
Audit Committee



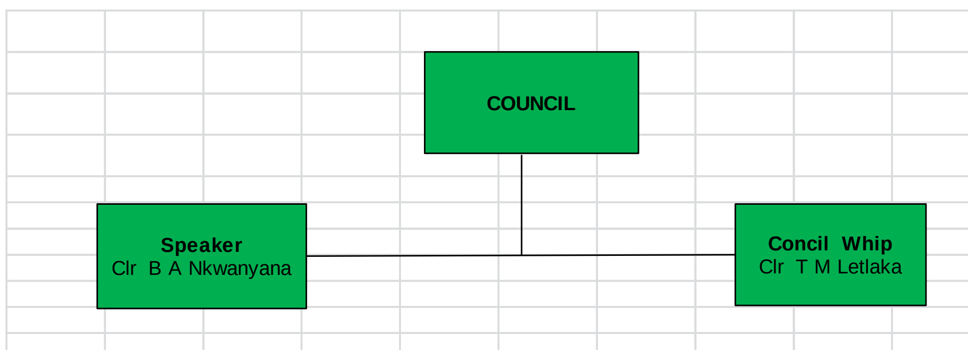
Risk Committee



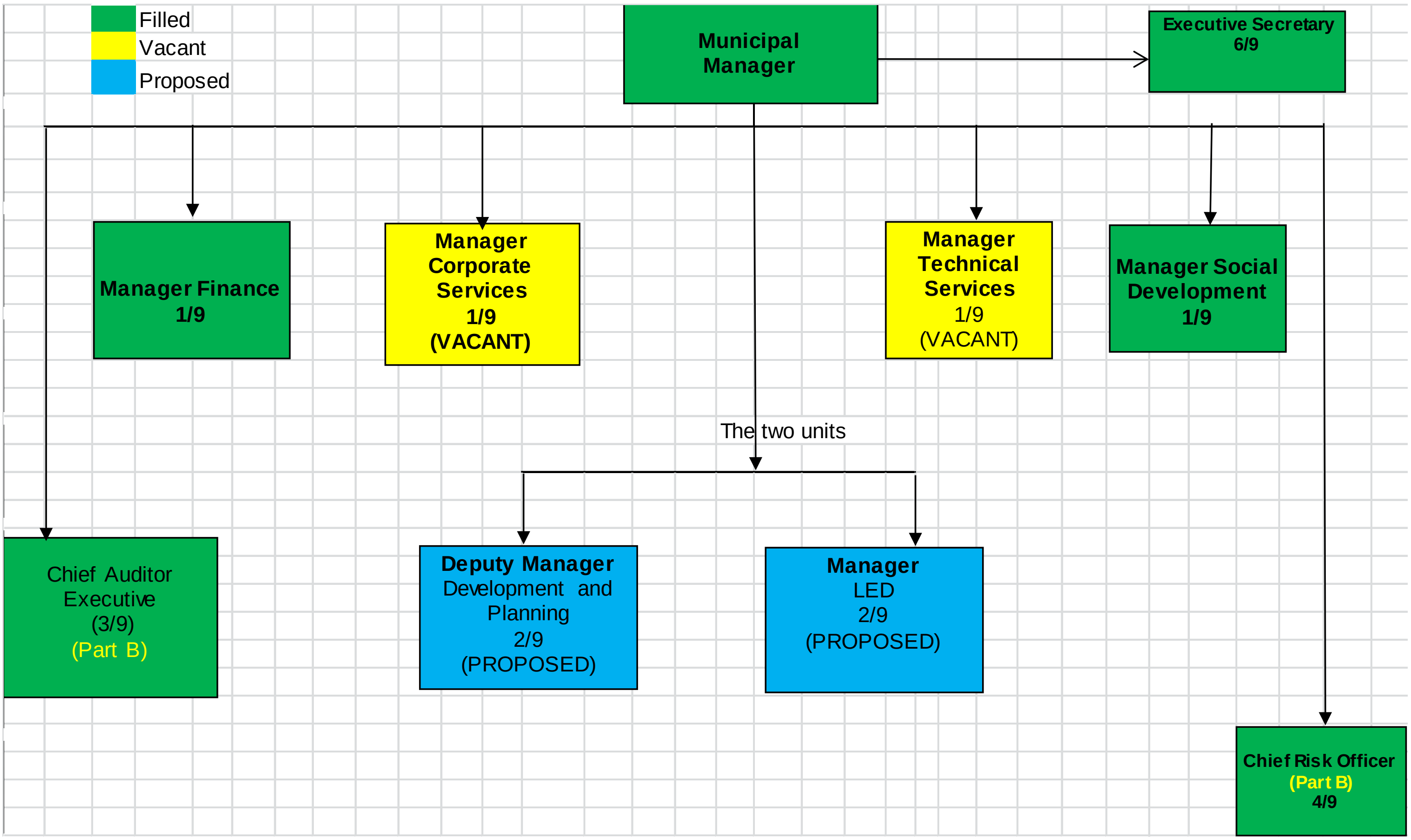
Office of Executive Mayor



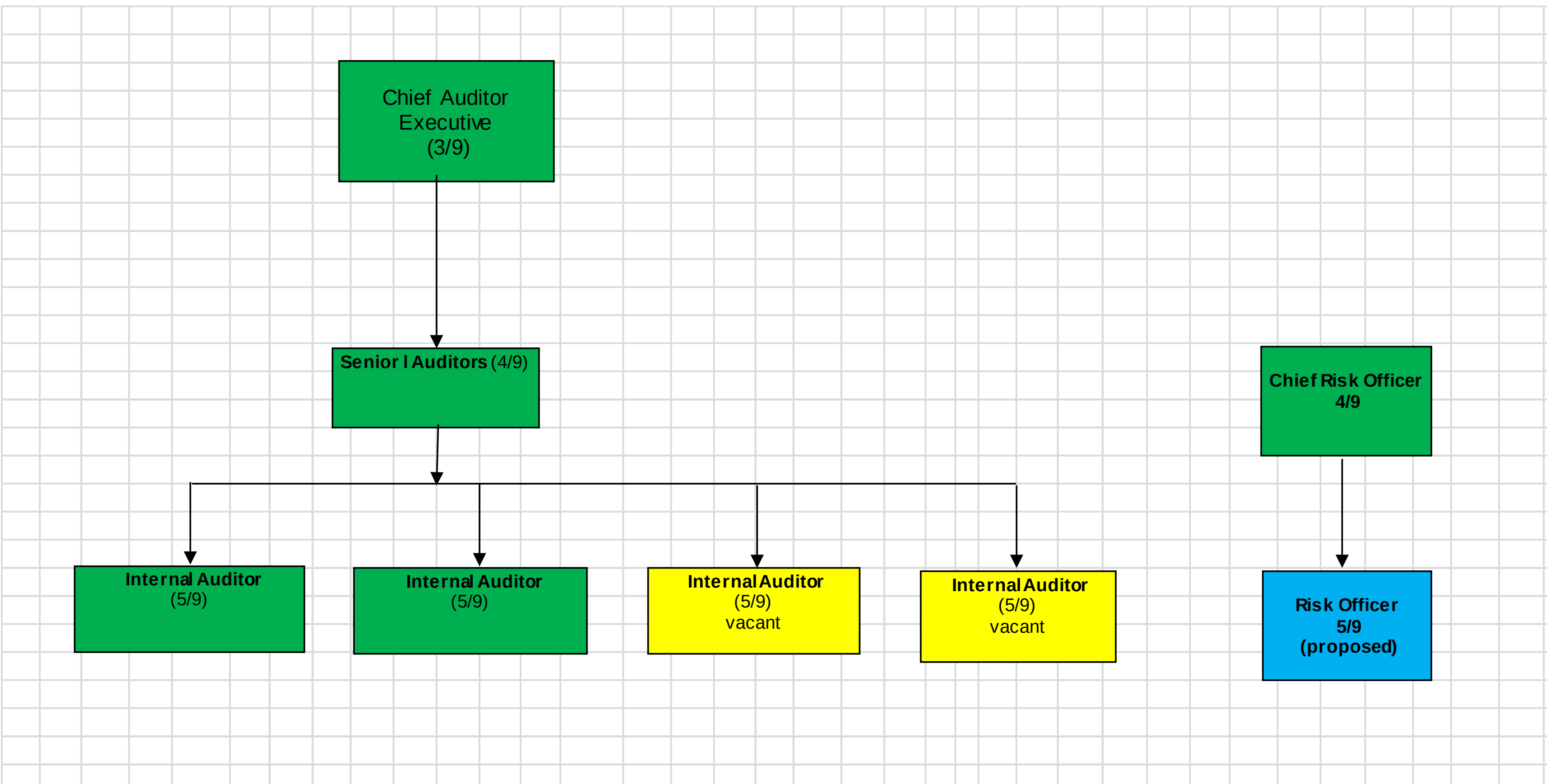
Office of the Speaker



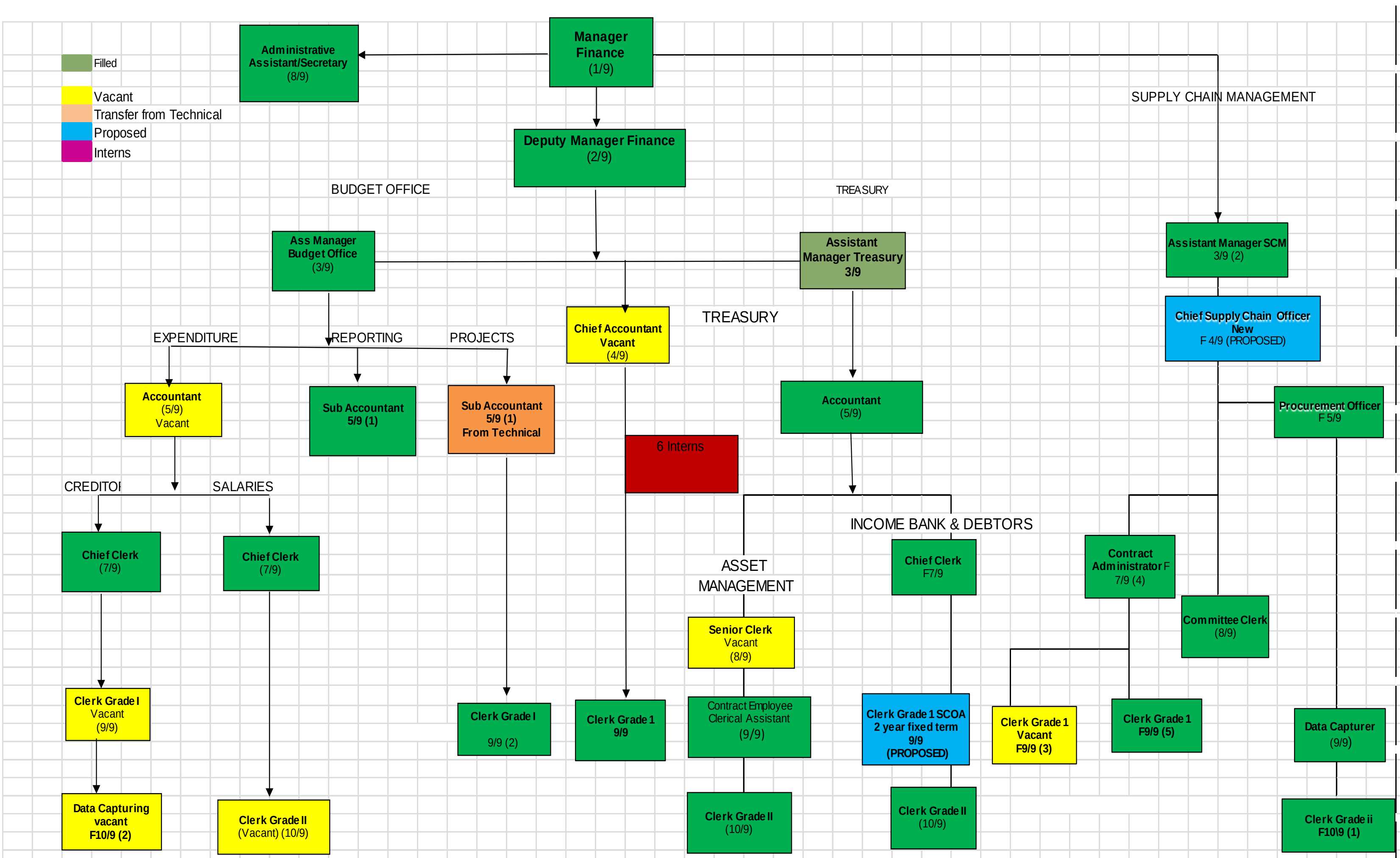
Municipal Manager


Filled
Vacant
Proposed
Municipal Manager
Executive Secretary 6/9
Manager Finance 1/9
Manager Corporate Services 1/9 (VACANT)
Manager Technical Services 1/9 (VACANT)
Manager Social Development 1/9
The two units
Chief Auditor Executive (3/9) (Part B)
Deputy Manager Development and Planning 2/9 (PROPOSED)
Manager LED 2/9 (PROPOSED)
Chief Risk Officer (Part B) 4/9

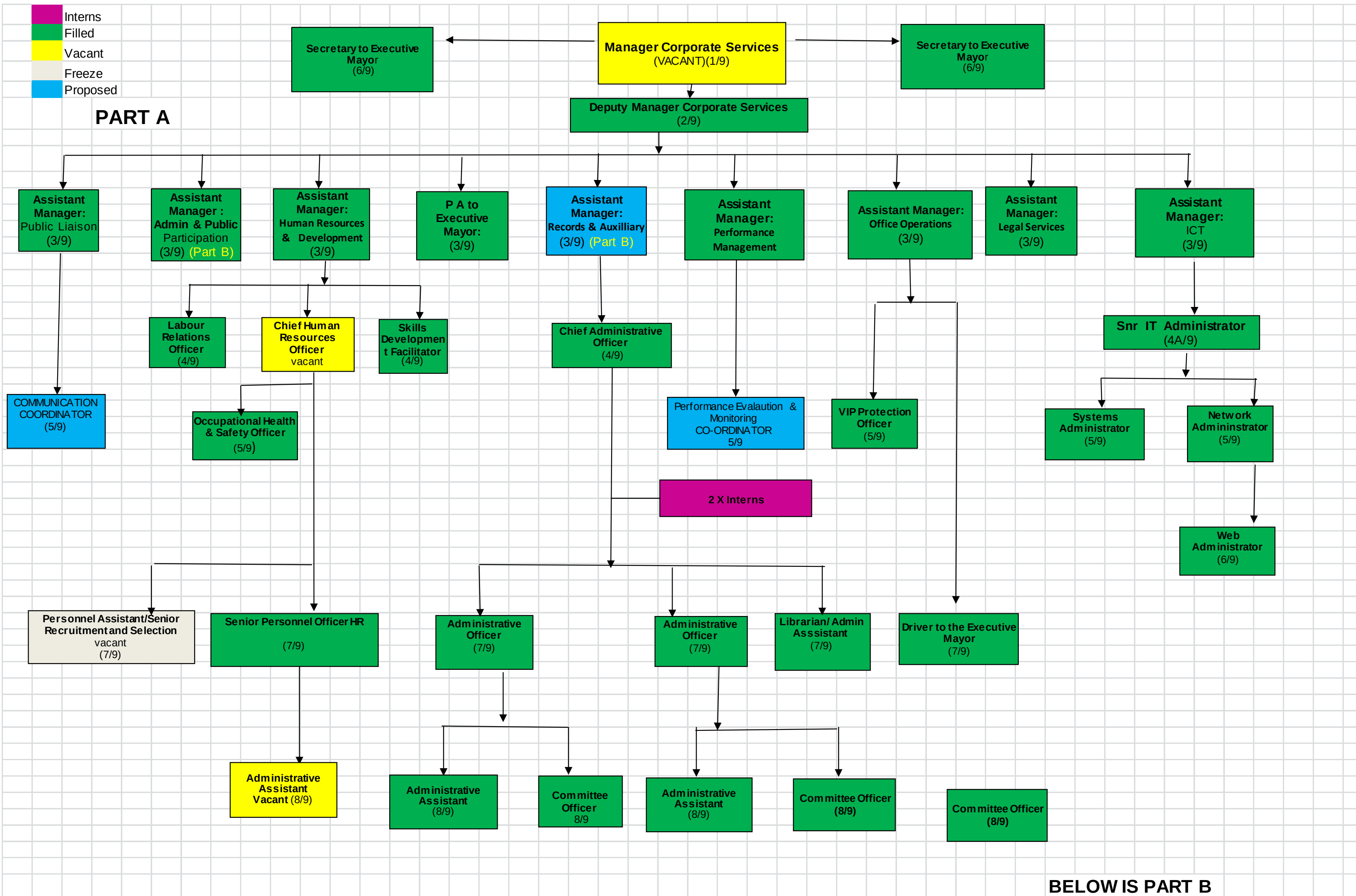
Internal Audit & Risk Units



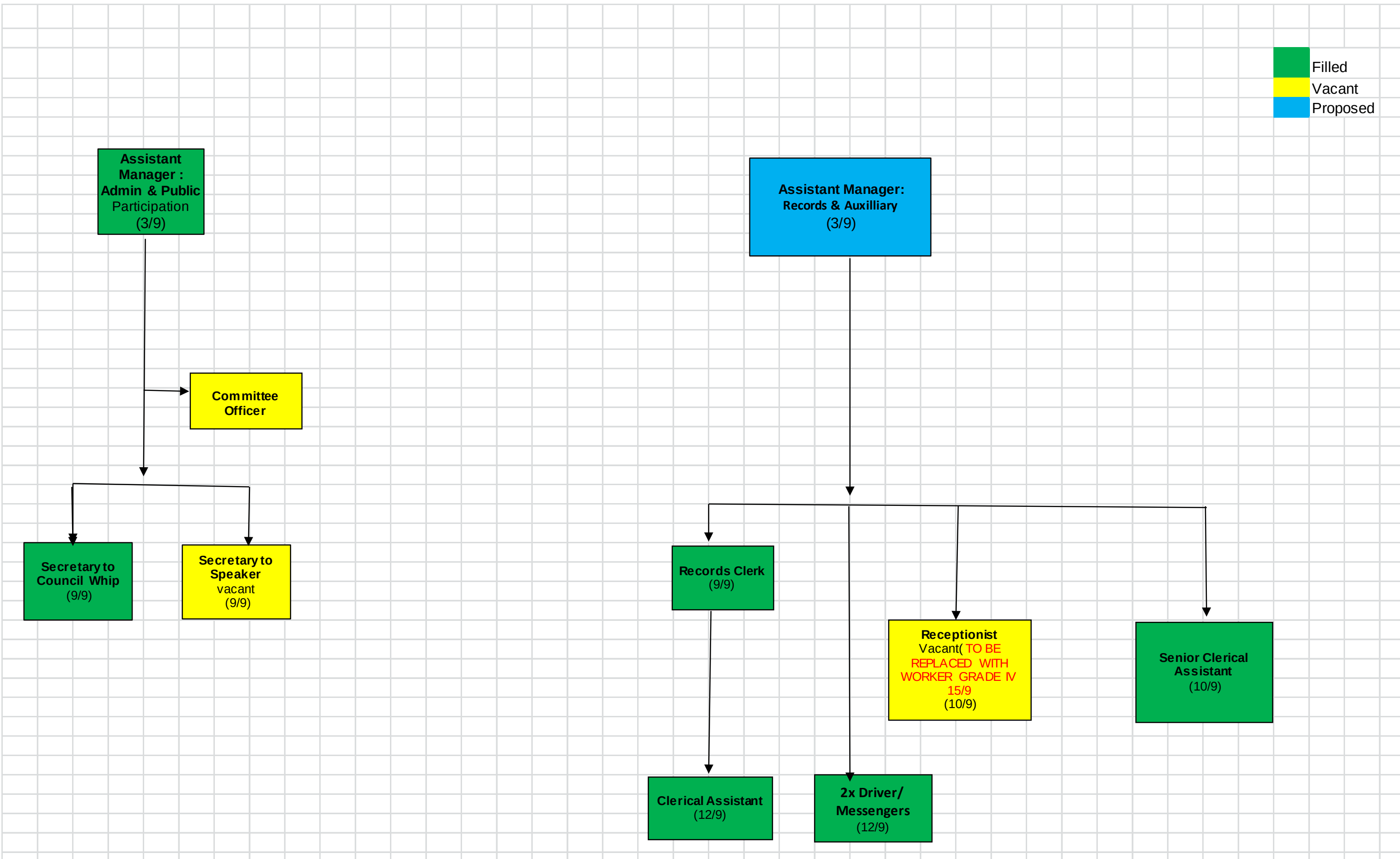
Finance Department



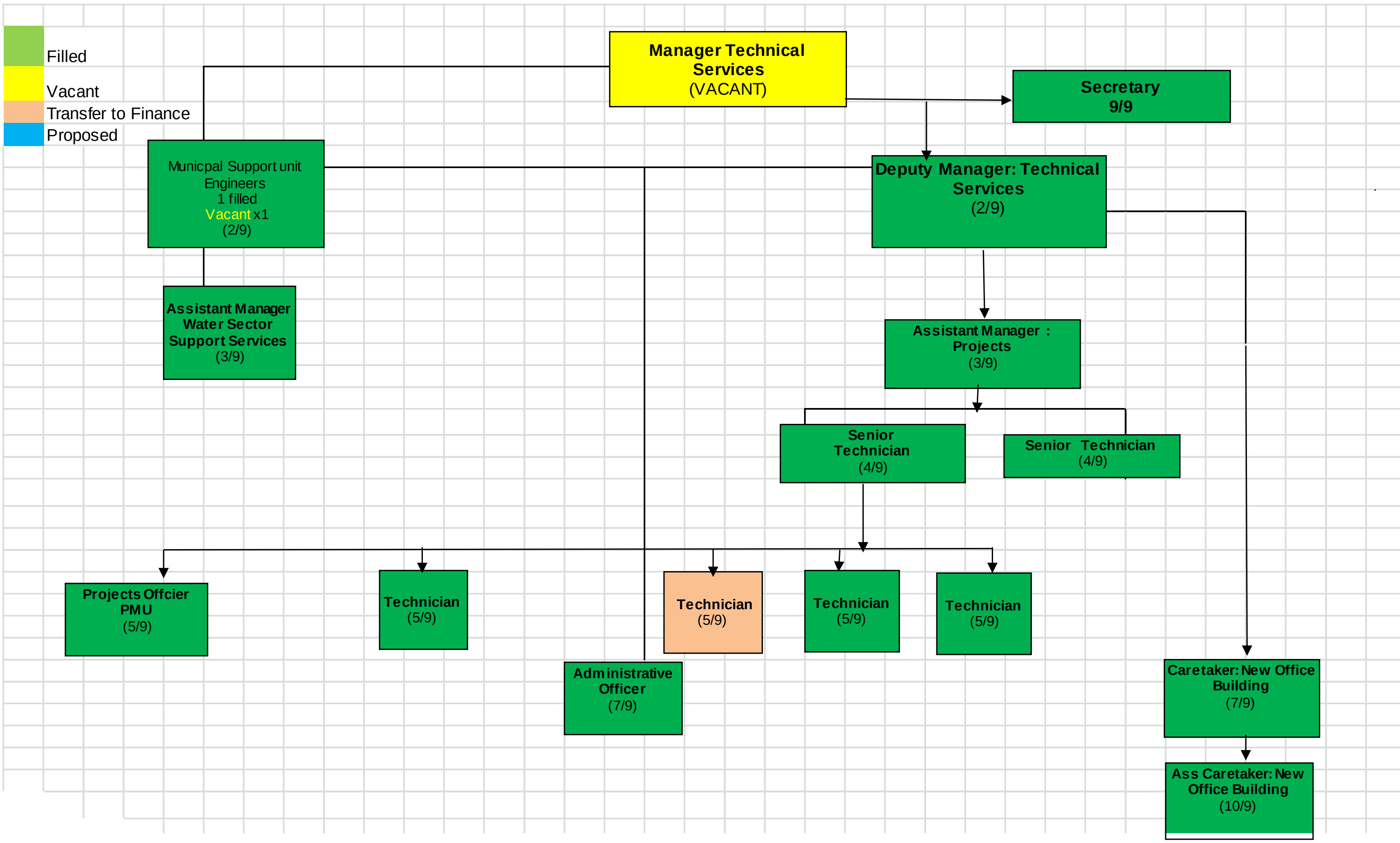
Corporate Department



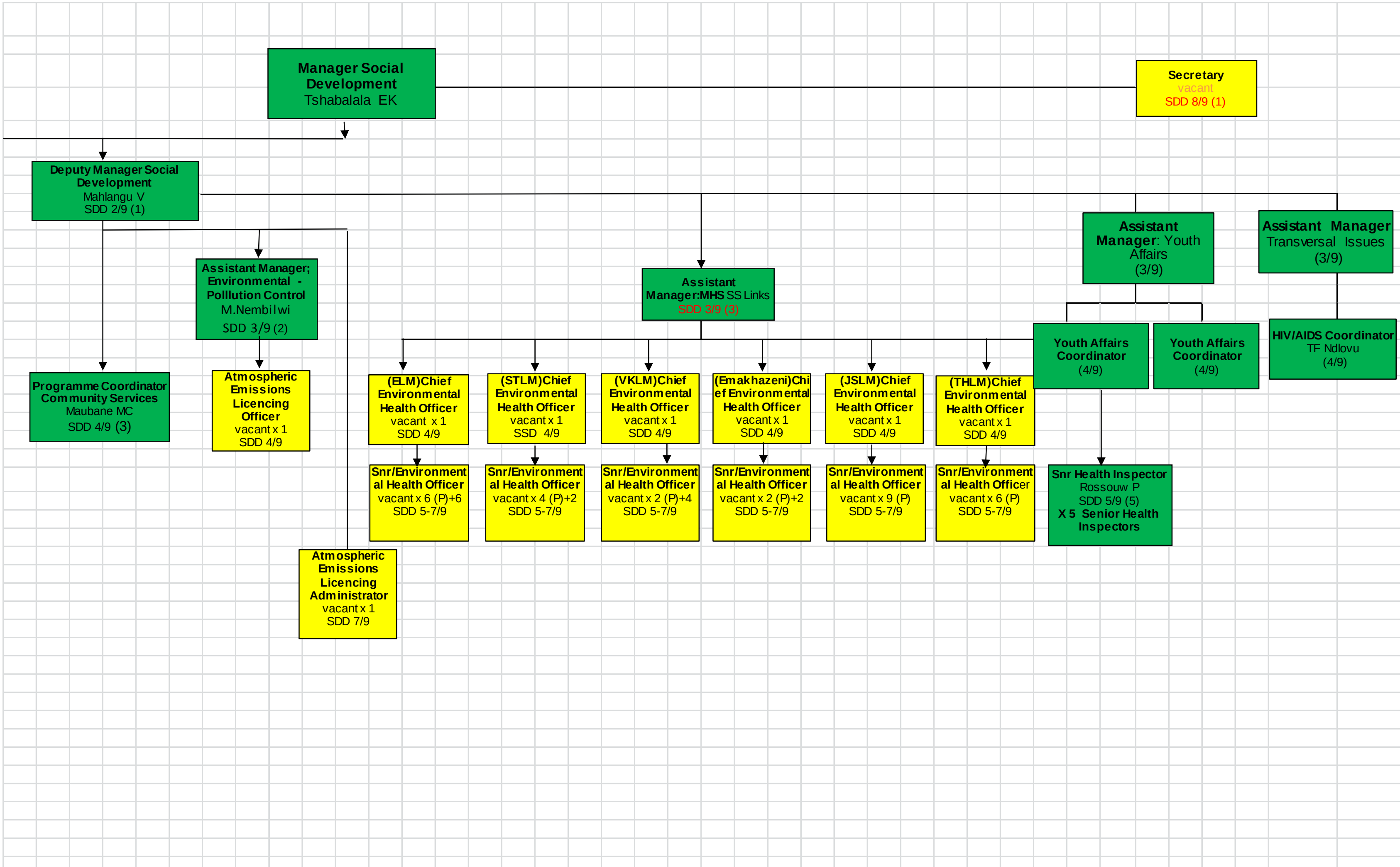
Corporate Department
(part B)



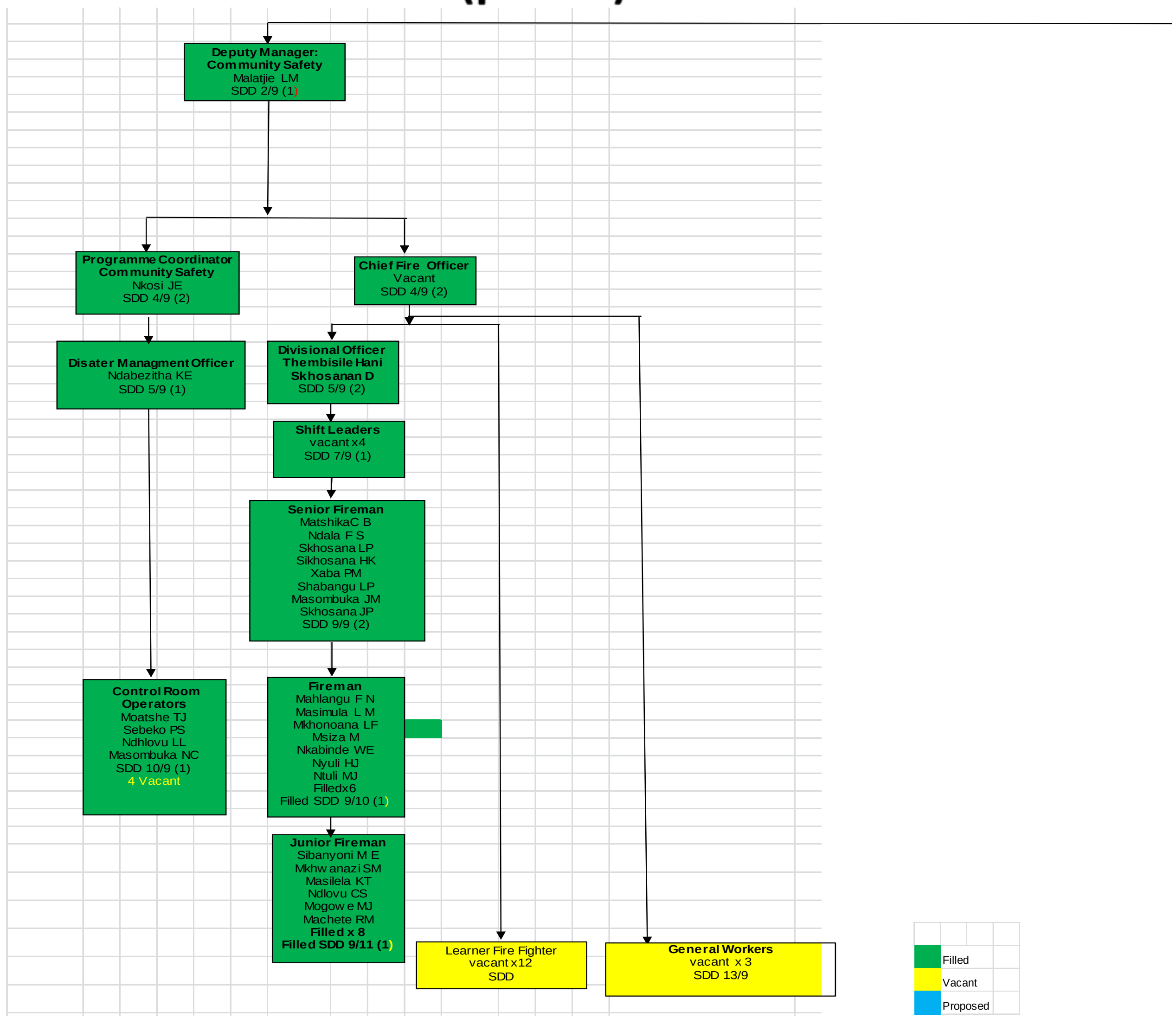
Technical Services Department



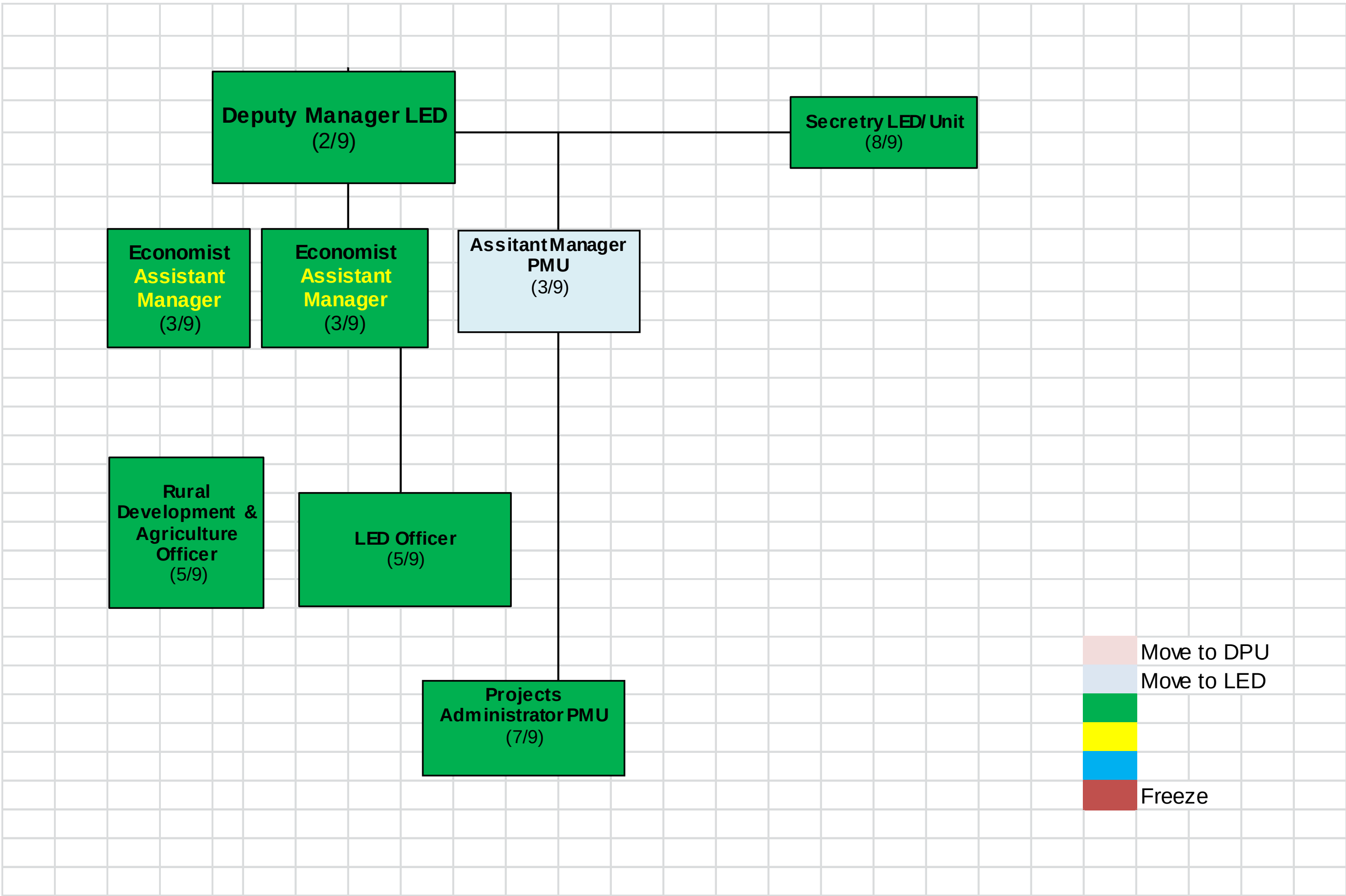
Social Services Department



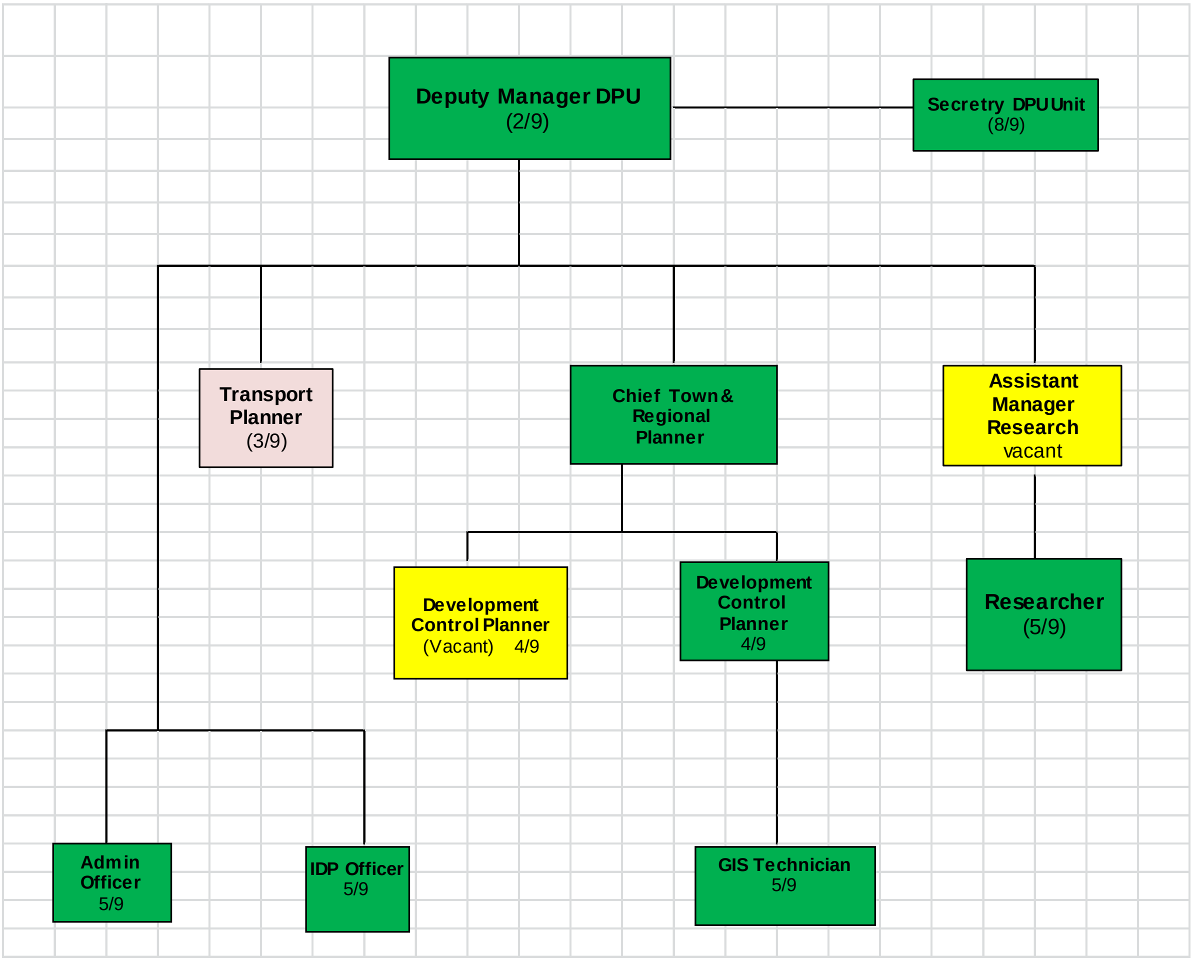
Social Services Department
(part B)

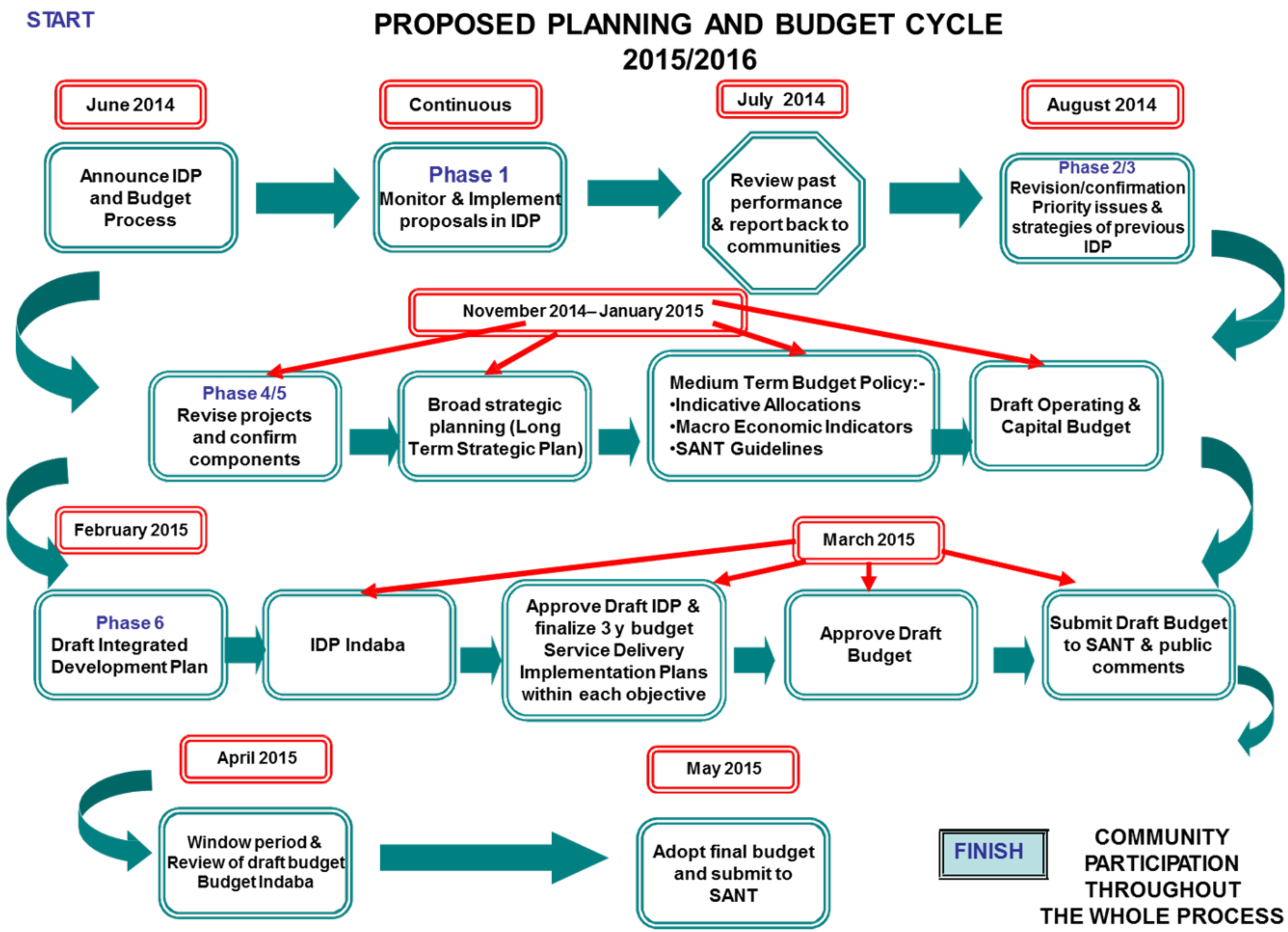


LED Unit


Deputy Manager LED
(2/9)
Secretry LED/ Unit
(8/9)
Economist
Assistant
Manager
(3/9)
Economist
Assistant
Manager
(3/9)
Assitant Manager
PMU
(3/9)
Rural
Development &
Agriculture
Officer
(5/9)
LED Officer
(5/9)
Projects
Administrator PMU
(7/9)
Move to DPU
Move to LED
Freeze

DPU Unit


Deputy Manager DPU
(2/9)
Secretry DPU Unit
(8/9)
Transport Planner
(3/9)
Chief Town & Regional Planner
Assistant Manager Research
vacant
Development Control Planner
(Vacant) 4/9
Development Control Planner
4/9
Researcher
(5/9)
Admin Officer
5/9
IDP Officer
5/9
GIS Technician
5/9


START
PROPOSED PLANNING AND BUDGET CYCLE
2015/2016
June 2014
Announce IDP and Budget Process
Continuous
Phase 1
Monitor & Implement proposals in IDP
July 2014
Review past performance & report back to communities
August 2014
Phase 2/3
Revision/confirmation Priority issues & strategies of previous IDP
November 2014– January 2015
Phase 4/5
Revise projects and confirm components
Broad strategic planning (Long Term Strategic Plan)
Medium Term Budget Policy:-
•Indicative Allocations
•Macro Economic Indicators
•SANT Guidelines
Draft Operating & Capital Budget
February 2015
March 2015
Phase 6
Draft Integrated Development Plan
IDP Indaba
Approve Draft IDP & finalize 3 y budget Service Delivery Implementation Plans within each objective
Approve Draft Budget
Submit Draft Budget to SANT & public comments
April 2015
May 2015
Window period & Review of draft budget Budget Indaba
Adopt final budget and submit to SANT
FINISH
COMMUNITY PARTICIPATION THROUGHOUT THE WHOLE PROCESS

PROJECT LISTS

DR JS MOROKA

Description	PROPOSED 2014/2015 BUDGET	PROPOSED 2015/2016 BUDGET	PROPOSED 2016/2017 BUDGET
Stormwater Control Ward 19	-	2 000 000	-
UPGRADE MAROTHOBOLONG BUS & TAXI	-	2 697 700	-
DR JS MOROKA DATA CLEANSING PROJECT	377 000	-	-
Renovation of the SMME Centre	500 000	-	-
Feasibility Study and Business Plan (Glass Recycling Facility)	800 000	-	-
DR JSM GRAP 17 UNBUNDLING ASSETS	1 200 000	-	-
FIRE STATION DR JS MOROKA	1 564 000	-	-
Pedestrian Bridge Ward 11	1 834 000	2 000 000	-
REVENUE ENHANCEMENT PROJECT	2 000 000	-	-
Ward 31 Pankop - Taxi Rank	2 000 000	2 000 000	-
20 x Highmast lights	2 326 728	3 000 000	-
WAALKRAAL RESERVOIR REFURBISHMENT	4 000 000	-	-
Community hall Ward 7	6 434 014	-	-
Construct. of MROTHOBOLONG RIVER BRIDGE	12 667 000	-	-
TOTAL	**35 702 742**	**11 697 700**	**-**

EMAKHAZENI

Description	PROPOSED 2014/2015 BUDGET	PROPOSED 2015/2016 BUDGET	PROPOSED 2016/2017 BUDGET
Cultural village	-	-	2 000 000
UPGRADE OF WASTE WATER TREATMENT	-	-	3 000 000
Subdivision of various parcels	262 000	-	-
INSTALLATION OF ENGINEERING SERV	500 000	-	-
COMMUNITY PARK	500 000		
EMAKHAZENI REVIEW POLICIES & PROCEDURE MANUALS	650 000	-	-
EMAKHAZENI GRAP STANDARDS IMPLEMENTATION	650 000	-	-
Development of the Poultry farm in Ward 4	1 000 000		
Construction of the Brick Manufacturing Plant in Ward seven	1 000 000		
Fire House in Emthonjeni	1 188 881	1 048 818	-
RISING DULLSTROOM DAM WALL PH1	1 782 625	196 000	-
UPGRAD ELEC MED VOLTAGE NETW PH 3	2 048 000	4 500 000	-
Rehabilitation of Bhekumuzi Masango road Ph3	3 000 000	4 000 000	2 000 000
UPGRADE OF WATER TREAT PLANT & LICENSE APPL	3 700 000	2 158 418	-
TOTAL	**16 281 506**	**11 903 236**	**7 000 000**

EMALAHLENI

Description	**PROPOSED 2014/2015 BUDGET**	**PROPOSED 2015/2016 BUDGET**	**PROPOSED 2016/2017 BUDGET**
Provision of sewer network at Kwa-Mthunzi Vilakazi(Clewer)	-	-	2 420 000
Upgrading of Pap & Vleis Outfall sewerline	-	-	2 420 000
UPGRADE KLAR X2+X3& PINE RID SE	-	-	2 500 000
Feasibility study Weighbridge Facility in Emalahleni	-	74 172	-
Implement Dam Safety report	-	280 000	-
KRIEL EXT & COMM OF AREA GA NA	-	560 000	-
Renovation of the King George Park	-	1 000 000	
Installations of watermeters	-	2 000 000	-
Replacement of cast iron manholes in Emalahleni	-	2 000 000	-
REPLAC STEEL PIPE STEENKAMP ST	-	4 000 000	5 000 000
CAPACITATION OF DISASTER MANAGEMENT	300 000	600 000	630 000
TRAFFIC MODEL EMALAHLENI	400 000	400 000	-
EMALAHLENI GRAP 17 ASSISTANCE	1 000 000	-	-
REPLACEMENT OF AC PIPES	1 096 000	3 600 000	-
Reconstruction of damage road in Emalahleni	3 500 000	-	-
REFURBISH CHALETS WITBANK DAM	3 864 264	-	-
DOORNPOORT UPGRADE	6 600 000	-	-
TOTAL	**16 760 264**	**14 514 172**	**12 970 000**

STEVE TSHWETE

Description	**PROPOSED 2014/2015 BUDGET**	**PROPOSED 2015/2016 BUDGET**	**PROPOSED 2016/2017 BUDGET**
Roads & stormwater Rockdale	-	-	2 500 000
Roads & stormwater Newtown	-	-	2 500 000
Roads, bridges & stormwater Eastern bypass	-	-	3 414 488
Two Backactors	-	280 000	-
STLM IMPLEMENT NEW ACCOUNTING STANDARDS	300 000	-	-
Newtown formalisation	524 000	-	-
STLM REVIEW & DEV GRAP POLICIES	750 000	-	-
TOWNSHIP DEVELOPMENT	1 004 340	140 000	-
Hendrina stormwater	4 000 000	-	-
Roads & Stormwater Ext 18	4 300 000	-	-
UPGRADe KLEIN OLIFANTS O/S PH4	9 030 002	2 210 000	-
New 10ML reservoir Skietbaan	11 000 000	1 500 000	-
TOTAL	**30 908 342**	**4 130 000**	**8 414 488**

THEMBISILE HANI

Description	**PROPOSED 2014/2015 BUDGET**	**PROPOSED 2015/2016 BUDGET**	**PROPOSED 2016/2017 BUDGET**
COMPLETION OF BUS ROUTE TWEEFONTEIN G	-	-	1 378 000
Paving of Greenside road Khalanyoni	-	-	1 480 000
Water reticulation Kwaggafontein A	-	-	1 500 000
Bus route in Boekenhouthoek	-	-	1 960 000
Bus route Moloto RDP	-	-	2 000 000
Stormwater drainage Phumula	-	-	2 220 000
High mast lights (Molotho south, Thembalethu, Vlaklaagte & Kwaggafontein B, Mandela))	-	2 280 000	2 000 000
Machipe Bus route	-	2 420 000	2 000 000
Miliva RDP Bus route	-	2 480 000	1 500 000
Paving of road Kwaggafontein B (Magezini)	-	3 130 000	-
ESTB FRESH PRODUCE MARKET THEMBISILE HANI	-	5 000 000	-
Phola Park Vehicle bridge to Jordan	262 000	-	2 500 000
THEMBISILE DATA CLEANSING PROJECT	312 000	-	-
THEMBISILE GRAP 17 UNBUNDLING ASSETS	750 000	-	-
Construction of Hawkers' Stalls in Kwaggafonten	1 000 000	-	-
Rehabilitation of wetlands Tweefontein K township	1 000 000	-	-
Bus route Klipfontein	1 048 000	-	-
Mountain View water reticulation	1 048 000	2 020 000	-
Zakheni Water reticulation	1 310 000	-	-
Tweefontein B2 water reticulation	1 834 000	-	-
BUHLEBUZILE B/R - THEMBISILE H	2 620 000	-	-
Multi Purpose bridge (Ward 22)	5 000 000	-	-
TOTAL	**16 184 000**	**17 330 000**	**18 538 000**

VICTOR KHANYE

Description	PROPOSED 2014/2015 BUDGET	PROPOSED 2015/2016 BUDGET	PROPOSED 2016/2017 BUDGET
Rescue Vehicle	-	140 000	-
5000 x Wheely bins	-	280 000	-
Dev of the 2nd phase of the landfill	-	476 000	-
Weighbridge	-	700 000	-
REBUILDING OF ROADS	-	3 000 000	5 320 000
Re-sealing of roads	-	4 000 000	4 000 000
VKLM COMPLIANCE REVIEW AFS	70 000	-	-
MASS CONTAINERS	157 200	-	-
YOUTH STRATEGY	300 000	-	-
Tipper truck	1 000 000	-	-
Community park VKLM	1 000 000		
VKLM CONSTRUCT MARKET STALLS	1 519 200	-	-
VKLM ANNUAL REVIEW INFR ASSETS	1 651 086	-	-
Sewer pipeline in Kgomo street	2 000 000	-	-
Installation of portable toilets	3 000 000	-	-
TOTAL	**10 697 486**	**8 596 000**	**9 320 000**

GENERAL

Description	PROPOSED 2014/2015 BUDGET	PROPOSED 2015/2016 BUDGET	PROPOSED 2016/2017 BUDGET
PLANTING OF TREES	-	110 000	115 500
SALGA GAMES	-	200 000	210 000
CULTURAL FESTIVAL	-	1 500 000	1 575 000
CARBON FOOTPRINT REDUCTION	25 000	-	-
MORAL REGENERATION	100 000	100 000	105 000
PROMOTION OF SPORTS, ARTS AND CULTURE	100 000	200 000	210 000
NDM WEBSITE real-time (IT)	157 200	14 000	14 700
DEVELOPMENT LOCAL INTEGR TRANSP PLANS	200 000	-	-
AEL AWARENESS CAMPAIGNS	200 000	250 000	262 500
FEASIBILITY STUDY FREEDOM PARK	300 000	-	-
IMPLEMENTATION OF DRP/BCP(IT	350 000	400 000	420 000
AIR QUALITY BY-LAWS (MSIG)	360 000	-	-
BUDGET COMMUNITY PARTICIPATION	632 400	664 020	707 181
Financial analysis of District and the 6 local Municipalities	750 000	-	-
STRENGHTHENING INTER GOV RELAT	800 000	1 000 000	1 200 000
MFMA COMPLIANCE IMP PLAN	843 200	885 360	942 908
WATER SERVICES PLANS	1 000 000	-	-
PROJECT PLANNING	1 000 000	2 500 000	2 625 000
COMMUNITY PARTICIPATION	1 300 000	1 350 000	1 417 500
Upgrade of systems to accommodate SCOA	1 500 000	1 000 000	500 000
IDP REVIEW	1 500 000	1 550 000	1 627 500
EMERGENCY PROJECTS	3 000 000	3 000 000	7 150 000
DEVELOPMENT OF GIS	3 432 430	-	-
CAPACITY BUILDING GENERAL	5 000 000	5 807 500	6 000 000
TECHNICAL SERVICES VOTE 500	20 881 158	22 178 885	23 568 478
TOTAL	**43 431 388**	**42 709 765**	**48 651 268**

ALL TRANSFERS & GRANTS

GRAND TOTAL	**169 965 729**	**110 880 873**	**104 893 756**